4

STANDING COMMITTEE ON LABOUR
(2009-2010)

FIFTEENTH LOK SABHA

MINISTRY OF TEXTILES

DEMANDS FOR GRANTS
(2009-2010)

FOURTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

December, 2009/Agrahayana 1931 (Saka)

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STANDING COMMITTEE ON LABOUR
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(FIFTEENTH LOK SABHA)

MINISTRY OF TEXTILES

DEMANDS FOR GRANTS
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Presented to Lok Sabha on 17.12.2009

Laid in Rajya Sabha on 17.12.2009

LOK SABHA SECRETARIAT

NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2009-2010)

SHRI HEMANAND BISWAL-CHAIRMAN

MEMBERS

LOK SABHA

2. Shri M. Anandan
3. Shri P. Balram (Mahabubabad)
4. Dr. Shafiqur Rahman Barq
5. Shri Sudarshan Bhagat
6. Shri Hassan Khan
7. Shri Kaushalendra Kumar
8. Shri P. Lingam
9. Shri Hari Manjhi
10. Shri P.R. Natarajan
11. Km. Mausam Noor
12. Shri S. Pakkirappa
13. Shri Ramkishun
14. Shri Mahendra Kumar Roy
15. Shri Chandu Lal Sahu
16. Shri Murari Lal Singh

***17. Shri Raj Babbar

18. Vacant
19. Vacant
20. Vacant
21. Vacant

RAJYA SABHA

22. Shri G. Sanjeeva Reddy
23. Shri Rudra Narayan Pany
**24. Shri Pyarelal Khandelwal
25. Shri Rajaram
26. Smt. Renubala Pradhan
27. Shri G.N. Ratanpuri
*28. Shri Mohammad Adeeb
29. Vacant
30. Vacant
31. Vacant

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* Changed the nomination from Committee on Labour to Committee on Commerce *w.e.f.* 17th September, 2009.
** Expired on 6th October, 2009.
*** Nominated *w.e.f.* 3rd December, 2009.

SECRETARIAT

1.	Shri Devender Singh	-	Joint Secretary
2.	Shri B.S. Dahiya	-	Director
3.	Shri Ashok Sajwan	-	Additional Director
4.	Shri Suresh Kumar	-	Senior Executive Assistant

INTRODUCTION

I, the Chairman of the Standing Committee on Labour 2009-10 having been authorized by the Committee to submit the Report on their behalf, present this Fourth Report of the Ministry of Textiles on Demands for Grants for the year 2009-2010.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Textiles for the year 2009-2010 which were laid on the Table of the House on 9.7.2009. Thereafter, the Committee took evidence of the representatives of the Ministry of Textiles on 30.9.2009. The Committee considered and adopted the Report at their sitting held on15.12.2009.

3. The Committee wish to express their thanks to the officers of the Ministry of Textiles for placing before them the detailed written notes on the subject and furnishing the information as desired by the Committee in connection with the examination of the Demands for Grants and tendering evidence before the Committee.

4. The Committee would also like to place on record their deep sense of appreciation of the commitment, dedication and valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold type in the body of the Report and have also been reproduced in a consolidated form in Appendix of the Report.

New Delhi; **HEMANAND BISWAL**
15 December, 2009 ***CHAIRMAN***
24 Agrahayana 1931 (Saka) ***STANDING COMMITTEE ON LABOUR***

CHAPTER-I

REVIEW OF STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE TWENTY-NINTH REPORT OF THE STANDING COMMITTEE ON LABOUR ON DEMANDS FOR GRANTS (2008-09) OF MINISTRY OF TEXTILES.

1.1 The Standing Committee on Labour presented their Twenty-Ninth Report on Demands for Grants (2008-09) pertaining to the Ministry of Textiles to Parliament on 22.4.2008. An Action Taken Report (Thirty-First Report, Fourteenth Lok Sabha) on the recommendations contained in the Twenty-Ninth Report was presented to Parliament on 21.10.2008.

1.2 The Twenty-Ninth Report contained 14 recommendations. Nine recommendations (Sl. Nos. 1, 2, 3, 4, 7, 8, 9, 11 and 13) were accepted by the Government. In respect of 3 (Sl. Nos. 5, 6 and 14), the replies of the Government were not accepted and hence were reiterated by the Committee in their Thirty-First Report. Replies of the Government were interim in nature in respect of 2 recommendations (Sl. Nos. 10 and 12).

1.3 The Minister of Textiles made a statement in Lok Sabha on the status of implementation of the recommendations contained in the Twenty-Ninth Report of the Committee on 22.12.2008 under Direction 73 A of the Directions by the Speaker, Lok Sabha.

1.4 The gist of operational portion of recommendations and the final status of implementation of recommendations is brought out in succeeding paragraphs.

I. Recommendations which were accepted by the Government

Rec. No. 1. **Proper utilization of plan funds:**

The Committee recommended that developmental schemes of the textile sector should be drawn up keeping all the factors in view for proper and adequate utilization of funds. This will help in successfully achieving the targets set out under the schemes and benefiting the targeted group.

The Ministry of Textiles stated that concerted efforts are being made to fully utilize the plan funds through close and regular monitoring of the performance. These include evaluation of the schemes, reviewing the progress of the schemes in the meetings of senior officers of the Ministry chaired by the Secretary, organizing workshops, marketing events, national and international fairs to create awareness about the schemes etc.

Rec. No. 2. **Even distribution of plan funds during all four quarters:**

The Committee, considering the skewed expenditure of plan funds during all the four quarters, recommended that all the foreseeable hurdles in the even spending of funds during each of the four quarters should be taken into account alongwith the preventive measures before announcing any scheme for implementation.

The Ministry stated that the budget allocated for the year 2008-09 has been distributed in all the Schemes. There will not be any delay in implementing the Schemes right from the beginning of the financial year. Further, all out efforts are being made for evenly spending of funds during each quarter of the current financial year (2008-09). As against the B.E of Rs.2500 crores plan expenditure during the first quarter of the current financial year *i.e.* April-June (Upto 9.6.2008) is Rs.941.03 crores showing 37.64% utilization.

Rec. No. 3. **Non-Plan Expenditure:**

The Committee desired the Ministry to adopt a scientific approach of forecasting the Budget Estimates for Non-Plan expenditure so as to avoid surrender of huge un-utilized funds.

The Ministry stated that a system to watch the progress of expenditure on a weekly basis have been adopted. The Non-Plan Budget proposals are discussed first with the respective heads of the divisions and, thereafter, it is discussed with the officers of the Ministry of Finance (Budget).

Rec. No. 4. **Textile Exports:**

The Committee, took a serious view of the decline in textile exports during last three years and, therefore, recommended that necessary remedial measures including strong infrastructural base, availability of uninterrupted power supply at competitive rates, skilled manpower, tax and duty concessions, liberal bank loans to textile exporters be taken without any delay so that textile industry stand up to the increasing global competitiveness.

The Ministry stated that several remedial steps have been taken for the growth of textile industry particularly to support the exports of textiles such as like exemption from excise duty, concessional rate of customs duty to encourage investment, launching of Debt Restructuring Scheme *w.e.f* 2003, enhancement of Duty Entitlement Pass Book rates and Duty drawback rates etc.

Rec.No.7 **Review of Technology Upgradation Fund Scheme:**

The Committee, while noting that two bodies with similar constitution, i.e. Inter-Ministerial Steering Committee (IMSC) and Working Group on Textile and Jute Industry are monitoring the functioning of the Scheme, recommended that instead of loading TUFS with unwieldy bodies to review its functioning, a lean, expert and focused Committee of professionals be constituted to keep a tab on the Scheme and suggest

modifications whenever and wherever essential.

The Ministry stated that the Working Group on Textiles and Jute Industry had a limited tenure confined only to offer recommendations regarding strategies to be adopted during 11th Plan and it is now not in existence. The IMSC under the TUFS has been duly reconstituted by incorporation of new members to suit the needs of the Scheme during 11th Plan Period.

Rec. No. 8. **Sufficient funds for Textile Upgradation Fund Scheme (TUFS):**

Taking serious view of the fact that a huge amount of Rs.1149.96 crore is backlog under the Scheme, the Committee urged upon the Government that since the results of the Scheme are encouraging, sufficient funds should be allocated to clear the backlog and keep the momentum going.

The Ministry stated that a major portion of the backlog has been cleared and it is now expected that breakeven will be achieved by the next financial year.

Rec. No. 9. **Under utilization of funds under TUFS in North-Eastern Region:**

The Committee, having observed that TUFS has been a non starter in North-Eastern Region so far and not a single paisa has been spent under it since 2005-06, recommended that every possible step should be taken

to popularize the Scheme in that region.

The Ministry stated that the Scheme is entirely demand driven. The design of the Scheme is non discriminatory and is all inclusive. There is no cap on projects under the Scheme. The major reason behind non-utilization of funds in North-Eastern Region is that there is neither easy availability of raw material nor markets exist for sale of production. However, the suggestions of the Committee have been noted for compliance.

Rec. No. 11. **Coverage under Mahatma Gandhi Bunkar Bima Yojana (MGBBY):**

The Committee recommended that efforts should be intensified to identify the weavers for the purpose of coverage under Mahatma Gandhi Bunkar Bima Yojana in all the States.

The Ministry stated that strenuous efforts are being made to enroll maximum possible number of weavers under the Scheme. LIC and State Governments have been advised to generate awareness amongst the local weaver population about the Scheme.

Rec. No. 13. **Expediting progress of work in proposed NIFT Centres:**

The Committee while considering the ongoing delay in completing the work in the proposed centres of NIFT, recommended that due care and coordination should be ensured among various agencies which are involved in the establishment of NIFT centres in various parts of the country so that they come up within a specific time frame.

The Ministry stated that the progress of work is satisfactory and correspondence is underway with other States also to open more centres.

II. Recommendations which were not pursued by the Committee in view of Government's reply.

The Committee did not put any recommendation of the Twenty-Ninth Report under this Chapter.

III. Recommendations which were reiterated by the Committee in their Thirty-First Report

Rec. No. 5 **Making sanctioned Parks operational under Scheme for Integrated Textile Parks (SITP):**

The Committee recommended that a time bound action plan be drawn up for ensuring that the

sanctioned Textile Parks become fully operational.

The Ministry stated that the development of infrastructural facilities is the responsibility of entrepreneurs who will be putting up their units in the Parks. They take considerate time before making such huge investment and several statutory clearances also take considerable time. However, implementation of projects are being regularly monitored by Board of Directors to ensure timely completion.

In their final action taken reply, the Ministry stated that regular monitoring of projects is being done for expeditious execution of the projects and results are now visible in the form of four completed projects in Tamil Nadu and Andhra Pradesh and 3 more projects are approaching completion.

Rec. No 6 **Infrastructural facilities under SITP to the representative bodies of weavers, artisans and textile workers:**

The Committee recommended that infrastructural facilities under SITP should also be made available to the Cooperatives and other representative bodies of artisans, weavers, textile workers etc. providing them with an opportunity to contribute their mite in their own way in the development of textile sector.

The Ministry stated that the Scheme does not exclude Cooperatives and other representative bodies of weavers, artisans, textile workers etc. to develop infrastructure facilities. In fact, three Textile Parks in Maharashtra are being developed by Cooperative Societies and one Handloom Park in Andhra Pradesh is being developed by Handloom weavers.

In their final action taken reply, the Ministry stated that the Scheme in its present form does not provide any differential treatment to Textile Parks promoted by textile workers. However, recommendation of the Committee will be taken into account while considering sanction of additional projects.

Rec. No. 14 **Setting up of Fashion Hubs:**

The Committee having noted that the setting up of Fashion Hubs in Delhi is delayed due to indefinite search of land, recommended that all necessary steps for establishing the Fashion Hubs should be taken at the earliest. If feasible, land may either be acquired through outright purchase by the Government or may be taken on lease from private parties or such land owners may be associated as partners with specific percentage of their shareholding in the project.

The Ministry stated that search of land has prolonged the project indefinitely for want of land from Government agencies.

In their final action taken reply, the Ministry stated that the Ministry of Textiles have been requesting the Ministry of Urban Development for allotment of land in Delhi since 2006. In continuation to the last reminder sent on 4.11.2008, a D.O reminder to the Ministry of Urban Development, at the level of Secretary, for allotment of land is being sent for further necessary action.

IV. Recommendations on which replies of the Government were interim in nature

Rec. No. 10 **`Health Insurance Scheme' for handloom weavers to be re-devised:**

The Committee recommended that instead of providing insurance coverage to weavers for general ailments and critical illness under two Insurance Companies, only one Insurance Company, preferably LIC, be entrusted with the responsibility to cover both types of diseases. The Committee also recommended that the pending 12,752 cases under the Scheme should be settled immediately and a proper mechanism be devised to make the process of claim settlement quick and hassle free in future.

The Ministry stated that as per the decision taken during the EFC meeting, the critical illness cover is to be provided under the proposed new Scheme of LIC. As regards, the pending claim cases under

Health Insurance Scheme, the Insurance Company, *i.e.* ICICI Lombard has been advised to expedite the settlement of claims.

In their final action taken reply, the Ministry informed that the issue of covering critical illnesses is under consideration. The proposed Scheme will be implemented after approval of the proposal by the Competent Authority. As regards, the issue of pendency of claims, the Insurance Agency has been advised to settle the pending claims as soon as possible.

Rec. No. 12 **Enchancement of age of weavers under Mahatma Gandhi Bunkar Bima Yojana (MGBBY):**

The Committee recommended that the issue of increasing age of weavers from 58 to 70 years for the purpose of coverage under insurance be immediately decided without any further delay.

The Ministry stated that the matter is under examination after receiving two options from LIC *i.e.* either to pay a premium of Rs.1,000/- to cover weavers above the age of 59 years with the caveat that in case of claim over premium, the loss will be made good by the Ministry, or to pay a premium of Rs.450/- for all the persons to be covered under the Scheme.

In their final action taken reply, the Ministry informed that the matter is under active discussion with LIC to provide coverage to maximum number of beneficiaries with minimum increase in the premium rates, outcome shall be informed as soon as the matter is finalized.

CHAPTER-II

Introductory

2.1 The main functions and activities of the Ministry of Textiles are Policy formulation and planning, development, export promotion and trade regulation of the textile industry. The Ministry formulates policies regarding production, distribution (for domestic consumption and exports) and development of all textiles including cotton, woollen, jute, silk, synthetics, etc. produced on handlooms, powerlooms and in mills. It is also responsible for readymade garments, handicrafts and industries related to production of silk and cellulosic fibres.

2.2 The developmental activities of the Ministry are oriented towards making adequate quantities of raw material available to all sectors of textile Industry and augment the production of fibres at reasonable prices from the organized and de-centralised sectors of the industry. To achieve this objective, the Ministry lays down guidelines for a planned and harmonious growth of various sectors of the industry.

2.3 The Ministry monitors the techno economic status of the industry and provides the requisite policy framework for modernization and rehabilitation. It also coordinates the activities of Textile Research Associations and lends financial support to them for undertaking research and development. The Ministry exercises administrative control over various organizations and public sector undertakings under its charge.

2.4 The principal functional areas of the Ministry cover the following:-

- The Textiles Policy & Coordination.
- The man-made Fibre/Filament Yarn Industry.
- The Cottons Textiles Industry.
- The Jute Industry.
- The Sericulture and Silk Textiles Industry.
- The Wool & Woollen Textiles Industry.
- The Decentralised Powerlooms Sector.
- The Exports Promotion
- The Planning & Economic Analysis.
- The Integrated Finance Matters.

- The Information Technology
- Handicrafts
- Handlooms

2.5 The Demands for Grants of the Ministry of Textiles for 2009-2010 are given under Demand No. 92. The detailed Demands for Grants of the Ministry were laid on the Table of Lok Sabha on 9.7.2009. The following are the major heads under which the Demands for Grants of the Ministry have been given:-

3451	-	Secretarial Economic Services
2552	-	North-Eastern Areas
2851	-	Village and Small Industries
2852	-	Industries
3453	-	Foreign Trade and Export Promotion
3601	-	Grants-in-aid to State Governments
3602	-	Grants-in-aid to Union Territory Governments
4552	-	Capital Outlay on North-Eastern Areas
4851	-	Capital outlay on Village and Small Industries
4860	-	Capital Outlay on Consumer Industries
6860	-	Loans to Public Sector and other Undertakings
7601	-	Loans and advances to State Governments

2.6 In order to efficiently carry out the task of implementing various schemes, the Ministry has the following two attached offices, two subordinate offices, seven advisory boards, three registered societies and five statutory bodies under it:-

Attached offices:-

(a) Office of the Development Commissioner for Handlooms
(b) Office of the Development Commissioner for Handicrafts

Subordinate offices:-

(a) Office of the Textiles Commissioner
(b) Office of the Jute Commissioner

Advisory Boards:-

(a) Development Council for the Textiles Industry
(b) All India Handicrafts Board
(c) All India Powerlooms Board
(d) All India Handloom Board
(e) Cotton Advisory Board
(f) Jute Advisory Board
(g) Coordination Council of TRAs

Registered Societies:-

(a) Central Wool Development Board (CWDB)
(b) National Centre for Jute Diversification (NCJD)
(c) Sardar Vallabhbhai Patel Institute of Textiles Management (SVPITM)

Statutory Bodies:-

(a) Jute Manufactures Development Council (JMDC)
(b) Central Silk Board (CSB)
(c) Textiles Committee

(d) Commissioner of Payments

(e) National Institute of Fashion Technology (NIFT)

2.7 The Committee have attempted to scrutinize the Demands for Grants for the year 2009-2010 of the Ministry to the extent possible and the findings have been illustrated in the ensuing Chapters.

CHAPTER-III

REPORT

DEMANDS FOR GRANTS

A. GENERAL PERFORMANCE

3.1 The Budget Estimate of the Ministry of Textiles for the year 2009-2010 is as under:-

(In Thousands of Rupees)

	REVENUE	CAPITAL	TOTAL
CHARGED & VOTED	**113437500**	**1840000**	**115277500**

Plan Schemes/Programmes of the Ministry have been grouped under two categories, viz. the Village & Small Industries (VSI) and Industry & Minerals (I&M). The Ministry have been allocated an amount of Rs. 4500 crore as plan outlay for the year 2009-2010. The statement showing physical and financial targets and achievements during the year 2008-09 and the expenditure incurred, scheme-wise, as furnished by the Ministry are in **Annexure-I.**

3.2 The **Annexure-I** shows that the Budget Estimate (BE) for the Plan Schemes of the Ministry for the year 2008-09 was Rs. 2500 crore, which was increased to Rs. 4092.32 crore at the Revised Estimate (RE) stage. The actual expenditure has been Rs. 3824.67 crore, which is 153 per cent of BE and 93.46 per cent of RE.

However, the unutilized funds for the annual plan 2008-2009 have been Rs. 267.65 crore.

3.3 On being asked about the reasons for underutilization of funds, the Ministry in their written reply stated as under:

> "A major portion of the total saving of Rs.267.65 crore was on account of the 10% mandatory earmarking of the Budget outlay for the North-Eastern States which could not be spent as there was no demand for the various schemes like TUFS, SITP and TMC from the North East. As TUFS and SITP are demand driven schemes, no expenditure could be I incurred under these schemes in the North East Region in spite of the best efforts of the Ministry. In the North-Eastern region, the textile industry is not adequately developed and commercially oriented to make use of credit linked schemes such as TUFS. As there was no cotton cultivation in the North East, no funds could be spent in the North East under Technology Mission on Cotton also. As there is no scope for incurring any expenditure under TUFS and TMC in the North East, the Ministry have been requesting the Planning Commission and the Ministry for the Development of the North East Region (DONER) to exempt these schemes from the 10% mandatory earmarking for the North East so that the entire allocation for these schemes could be spent in areas other than the North East where there is un-met demand for assistance under these schemes. However,

no decision has been taken on this issue as of now.

The Ministry surrendered a total amount of Rs. 250.17 crore to the Ministry of Finance before 31.03.2009. The scheme – wise break up of the surrender is as follows; TUFS–Rs.208.00 crore, SITP – Rs.25.00 crore, TMC–Rs.10.00crore, Handlooms – Rs.0.97 crore and Handicrafts – Rs.6.19 crore. The surrender before the expiry of the financial year helped in avoiding lapsing of funds."

3.4 On being enquired when 90% financial support is given by the Ministry under SITP in NER, why could not the Ministry utilize the funds to set-up model textile parks in that region with 100% funds of Government in order to promote the textile related activities in an organized manner, the Ministry in their written reply stated as under:

'Under SITP, entrepreneurs come together to set up a textile park. The scheme envisages public private partnership. It is not an infrastructure project, where government sets up infrastructure and the private people come in. Here, the area of plots, type of buildings, infrastructure like Common Effluent Treatment Plant, Common Facility Centre etc. are decided by the Special Purpose Vehicle (SPV) which is like a private people consortium. In order to encourage the entrepreneurs to set up Textile Parks in the North Eastern Region (NER), it was decided to provide central assistance at enhanced rate of 90% of the project cost of infrastructure component subject to the limit of Rs.40 crore for the first

two projects in the States of NER and Jammu & Kashmir. However, no textile park proposal from the NER was received. Despite the attraction to spend only 10% to avail 9 times that amount, the industries have not come up. One can very well surmise that perhaps such industries may not be feasible and hence the private entrepreneurs are not willing to take risk. The scheme is totally demand driven, and if there is no demand even after such massive and attractive incentives, there is perhaps just no demand for setting up textile units due to non-feasibility and risk factors involved in it."

3.5 The details of various awareness programs on TUFS and Exposure visits for Textile sector launched in the North-Eastern region by the office of Textile Commissioner for the last three years are as under:

(i) Seminars / Workshops organized in N.E. Region by RO TxC, Kolkata in association with State Govt.

Year	No. Of Seminars/ Workshops	Venue	Date
2006-07	2(two)	Guwahati (Assam) Dimapur (Nagaland)	18.12.2006 12.02.2007
2007-08	2(two)	Agartala (Tripura) Imphal (Manipur)	20.04.2007 07.01.2008
2008-09	1(one)	Aizwal (Mizoram)	29.05.2008
2009-10	1(one)	Guwahati (Assam)	12.06.2009

(ii) <u>Exposure Visits from N.E. Region to other places in India</u>

Year	No. Exposure Visit	Date of Exposure Visit	No. of Beneficiaries	From	To
2006-07	NIL	NIL	NIL	NIL	NIL
2007-08	1(one)	17.02.08 to 25.02.08	15	Guwahati (Assam) & Imphal (Manipur)	Bangalore & Mysore
2008-09	1(one)	24.02.09 to 07.03.09	20	-do-	Ludhiana & Amritsar

3.6 On being enquired about the outcome of the above seminars/workshop and the number of beneficiaries to above seminars / workshops, the Ministry stated as under:

> "As a result of these Seminars/Workshops some of the Entrepreneurs especially from Imphal, Manipur have set up new plain/semi automatic powerloom units in the region."

3.7 The number of beneficiaries who attended the Seminar/workshop is as under:

Year	No. of Seminar/ workshop	Venue	Date	No. of persons attended(Approx.)
2006-07	2 (Two)	Guwahati	18-12-2006	50

		Dimapur	12.2.2007	50
2007-08	2(Two	Agartala Imphal	20.4.2007	45 75
2008-09	1 (one)	Aizwal	7.1.2008	80
2009-10	1(One)	Guwahati	12.6.2009	160

3.8 When asked about the reasons for substantial increase in the plan allocation for the year 2009-2010, as also about the details of schemes under which more funds would be required, the Ministry replied as under: -

> 'The enhancement during 2009-10 is because of the additional provision for Technology Upgradation Fund Scheme (TUFS). The outlay under TUFS was increased to Rs.3140 crore during 2009-10 from Rs.1140 crore during 2008-09. As the major Scheme of the Ministry, TUFS has already incurred an expenditure of Rs.2546.23 crore and is likely to spend more funds in due course of time. The Ministry is confident that the entire budget allocation of Rs.4500.00 crore will be spent except some portion of the funds earmarked for the North East as there is no demand from the North East for schemes such as TUFS, SITP and TMC."

3.9 During 2009-10 more funds will be required under the following schemes:

(Rs. in crores)

S.No	**Name of the schemes**	**Additional Fund requirement**	**Reasons**

1.	**Technology Upgradation Fund Scheme**	1884.00	The subsidy requirement has been estimated based on the disbursement made under TUFS
2.	Technology Mission on Cotton	128.00	Additional Requirement in the current financial year is on account of balance liabilities of sanctioned projects

3.	Sericulture	120 .00	On account of scheme-wise increase in anticipated expenditure, particularly under Catalytic Development Programme (CDP)
4.	Mega Clusters	49.00	On account of increase in expected expenditure

Plan Expenditure during four quarters of 2008-09.

3.10 The details of the expenditure, under the plan schemes, in each of the four quarters of 2008-09 are as under: -

(Rs. crore)

Quarter	**Quarter-wise expenditure**	**% of Exp over BE**	**% of Exp over RE***
Quarter I	1194.51	47.78	29.2
Quarter II	1547.17	61.88	37.8
Quarter III	1729.87	69.19	42.2
Quarter IV (Provisional)	3824.67	152.96	93.46
* RE of Rs. 4092.32 crore was approved during December 2008/the third quarter of the financial year.			

3.11 The Committee observe that the Plan expenditure could not be spread evenly over all the four quarters of the year. When asked about the reasons for uneven expenditure over all the four quarters of the year and the steps taken for fully utilizing the plan allocation evenly for four quarters of the year, the Ministry in their written reply stated as under: -

> 'The Ministry has put in place regular review and monitoring system for fully utilizing the plan allocation evenly for all four quarters for 2008-09. The Ministry has achieved 47.78% and 61.88% of expenditure over BE during the first and second quarter which is more than the proportionate share. The release of funds in large tranches under TUFS at certain points of time, as and when bank furnishes the bills, is the main reason for increased total expenditure in the first and fourth quarter.
>
> The allocation was enhanced to Rs.4092.32 crore from Rs. 2500.00 crore at Revised Budget Estimate stage during the month of December 2008 of the third quarter of the year 2008-09. The increase in outlay at the RE stage was mainly on account of an additional provision of Rs. 1400.00 crore specifically for TUFS. The expenditure over RE during third and fourth quarter of 2008-09 are 42.2 % and 93.46% respectively."

Non-Plan Expenditure

3.12 The table furnished by the Ministry in respect of non-plan expenditure for the first three years of the 11th Plan, is as under:-

(In Rs crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure
2007-2008	893.68	813.68	724.39
2008-2009	823.51	1463.82	1046.68
2009-2010	898.00	-	-

3.13 A perusal of the above table shows that the B.E. for the year 2008-09 under the non-plan expenditure was Rs. 823.51 crore, which was increased to 1463.82 crore at RE stage, whereas the actual expenditure has been 1046.68 crores only. Therefore, an amount of Rs. 417.14 crore remained unspent during the said financial year. When asked about the reasons for increase in funds and the huge amount left unspent and the schemes/projects which have been affected due to non-utilization of funds, the Ministry in their written note replied as under: -

> "The Govt. of India has accepted the recommendations of 6th Central Pay Commission and issued O.M. in August,2008. All the Administrative Ministry/Department have been requested to submit their requirement to Ministry of Finance on very short notice. Accordingly

the additional requirement on account of enhanced salary and arrears have been adjusted at the RE stage only. An amount of Rs. 390.80 crore pertains to waiver of interest of BIC. Rupees 63.26 crore were surrendered in respect of National Jute Manufacturers Corporation due to non- approval of the VRS package by the Government.

As such, there is a very small amount left unspent. In view of above, it may be noted that no schemes/projects have been adversely affected as a result of unspent amount."

3.14 When asked the reasons for non-approval of the said VRS package and why the funds were obtained before the requisite approval, the Ministry in their reply stated as under:-

"The VRS package for the employees of NJMC Ltd. was a part of the revival plan for NJMC Ltd. The Cabinet Note on the subject was deferred by the Cabinet in Jan, 2009. Hence, in the absence of Cabinet approval of the revival plan, the VRS package could not be implemented.

The funds were obtained beforehand in anticipation of the approval of the Cabinet to the revival plan of NJMC Ltd. The Cabinet had already on 24.3.2005 approved grant of VRS to all the employees of NJMC Ltd. and provision of budgetary support for the same. Hence the proposal was in pursuance of the

Cabinet decision dated 24.3.2005.Preparation of workable VRS package for employees of NJMC was a long drawn process involving intense negotiations. The Ministry settled the issue with the employees and a revised package was submitted to the Cabinet. It was expected that on clearance from the Cabinet, the said amount would be utilized."

Textile Exports

3.15 The status of India in textile exports to major countries and EU countries, as furnished by the Ministry, is as under: -

Top Ten Countries during 2006-07 to April'07-February'08 and April'08-February'09

US $ Million

Sl. No.	Country	2006-2007	2007-2008	% Growth	April'07-Feb.'08	April'08-Feb.'09 [P]	% Growth
1	U S A	4675.6049 *(24.42%)*	4524.489 *(21.08%)*	-3.23	4173.96 *(21.34%)*	3831.99 *(20.69%)*	-8.19
2	U Arab Emts	1050.1624 *(5.49%)*	1311.999 *(6.11%)*	24.93	1240.35 *(6.34%)*	1488.54 *(8.04%)*	20.01
3	U K	1385.1041 *(7.23%)*	1632.908 *(7.61%)*	17.89	1494.51 *(7.64%)*	1331.32 *(7.19%)*	-10.92
4	Germany	1113.402 *(5.82%)*	1351.002 *(6.29%)*	21.34	1225.06 *(6.26%)*	1248.20 *(6.74%)*	1.89
5	France	839.14064 *(4.38%)*	863.9219 *(4.03%)*	2.95	788.47 *(4.03%)*	805.95 *(4.35%)*	2.22

6	Italy	884.93074 *(4.62%)*	831.1331 *(3.87%)*	-6.08	772.29 *(3.95%)*	703.74 *(3.80%)*	-8.88
7	Spain	534.92445 *(2.79%)*	565.1591 *(2.63%)*	5.65	526.59 *(2.69%)*	587.19 *(3.17%)*	11.51
8	Netherland	451.78 *(2.36%)*	470.31 *(2.19%)*	4.10	436.35 *(2.23%)*	494.28 *(2.67%)*	13.28
9	Bangladesh	340.43 *(1.78%)*	433.25 *(2.02%)*	27.26	369.78 *(1.89%)*	467.03 *(2.52%)*	26.30
10	China P	798.70111 *(4.17%)*	1130.924 *(5.27%)*	41.60	942.67 *(4.82%)*	405.63 *(2.19%)*	-56.97
	Total (Top ten)	**12074.77 *(63.07%)***	**13115.65 *(61.11%)***	**8.62**	**11970.60 *(61.20%)***	**11364.47 *(61.36%)***	**-5.06**
	Others	7071.27 (36.93%)	8347.13 (38.89%)	18.04	7587.92 (38.80%)	7155.49 (38.64%)	-5.70
	Total Textiles	**19146.038**	**21462.78**	**12.10**	**19558.53**	**18519.96**	**-5.31**

Source: DGCI&S, Kolkata

Note: Figures in parenthesis - share in total textiles

3.16 The above statements show that the textiles exports during 2008-09 up to April-08-February 09 are of US$18.52 billion, registering a decline of 5.31% in dollar terms as against the corresponding period of the previous year. Country wise analysis shows that during the last three years, EU countries were the top destination of Indian textile exports. Textile export to the EU was valued at US $ 6366.73 million, US $6980.38 million and US $5849.70 million during 2006-07, 2007-08 and 2008-09 (April-February) respectively. EU accounted for an average export share of 32 per cent during 2008-09 (April-February) of our total textile exports. Among the EU countries, the highest export share was to UK (7.19 per cent), followed by Germany (6.74 per cent) and France

(4.35 per cent) during 2008-09 (April-February). USA is the second major destination with an export share of above 20.69 per cent during the same period. The average growth of exports to EU countries during 2007-08 was 9.64%. However, during 2008-09 (April-February) textile exports to EU declined by 0.09%. The textile export to the USA declined by 3.23% during 2007-08 and by 8.19 % during 2008-09 (April-February).

3.17 When asked about the growth of exports *vis-a-vis* China and other neighbouring countries, the Ministry in their reply stated as follows: -

> "As per the International Trade Statistics -2008, Published by World Trade Organization, India's total export growth of Textiles and Clothing's during the calendar year (January-December), 2005, 2006 & 2007 are 23.74%, 8.42% & 4.37% respectively.
> Whereas, for China, the same stood at 20.92%, 25.05 & 18.83% during 2005, 2006 & 2007. The export growth of Textiles and Clothing's during the calendar year (January-December), 2005, 2006 & 2007 for Bangladesh, Pakistan and Sri Lanka are given in the table below:

Total Export of Textiles & Clothing's by the Neighboring Countries

Country	Value US $ Million				% Growth over previous year		
	2004	2005	2006	2007	2005	2006	2007
India	13641	16880	18302	19101	23.74	8.42	4.37
China	95284	115213	144071	171206	20.92	25.05	18.83

Bangladesh	6893	8014	10259	10778	16.26	28.01	5.06
Pakistan	9151	10691	11376	11177	16.83	6.41	-1.75
Sri Lanka	2925	3010	3200	3459	2.91	6.31	8.09

3.18 On being asked whether the Industry, as a whole, is facing crisis, which has resulted in loss of jobs, closure of textile units and decrease in exports etc., the Ministry in their reply stated as below: -

> "During 2007-08, India's textile exports were adversely affected by the high and persistent appreciation of the Indian rupee vis-à-vis the US dollar leading to lower realization for the textiles exports. This phase was immediately followed by the onset of global economic slowdown and recession in the major markets for India's textiles exports, leading to lower sales in these markets during 2008-09. There is a marginal decline in exports and production of textiles items as per details given below:-

Year	**Exports (in billion US$)**	**Production**	
		Yarn (million kg.)	**Cloth (in million square meter)**
2006-07	19.14	5,184	53,389
2007-08	22.13	5,512	56,025
2008-09 (Provisional)	18.52 *	5,328	54,966
% growth (in 2008-09 over the corresponding period of 2007-08)	(-) 5.31	(-) 3.34	(-) 1.90

* April '08-February '09

India's textiles industry too has been affected by the global economic slowdown. India's textiles exports have declined by 5.31% during April–February' 2008-09 over the corresponding period of the previous financial year."

3.19 When asked the steps taken to overcome the crisis and whether any bailout package given, the Ministry in their reply has stated as under: -

"In the recent past, some of the steps taken by the Government to support the textiles and garments industry are as under:-

(i) DEPB Scheme extended till May 2009.

(ii) Income Tax benefit to 100% EOUs under Section 10B of I.T. Act, being extended by Government for one more year, beyond 31.3.2009.

(iii) Customs duty payable under EPCG scheme reduced from 5% to 3%.

(iv) Average export obligation under EPCG for Premier Trading Houses shall, as an option, be calculated; based on the average of last 5 years export, instead of the present 3 years.

(v) Exports made towards fulfillment of export obligation under EPCG Scheme shall be eligible for incentives/rewards under promotional schemes.

(vi) In case of textile and granite sector EOUs, payment of only excise duty on DTA sale. In case the use of duty paid imported inputs is up to 3% of the FOB value of exports.

(vii) Enhanced duty credit scrip of 2.5% (instead of the normal 1.25% under FPS) would be allowed

for export of High value added manufactured products.

(viii) Inclusion of 10 more countries within the ambit of Focus Market Scheme.

(ix) Measures to reduce transaction cost to the exporters and procedural simplification have also been incorporated.

In addition to the above, the Government announced on 7th December, 2008 and 2nd January, 2009, packages of measures to stimulate the economy. So far as the textiles sector is concerned, the measures, inter-alia, provide for the following:-

(i) Additional allocation of Rs.1400 crore under the Technology Upgradation Fund Scheme (TUFS) during 2008-09. Further, in the Union Budget 2009-10, an allocation of Rs.3140 crore has been announced under TUFS.

(ii) Across-the-board cut of 4% in the ad- valorem Cenvat rate till 31.3.2009.

(iii) Interest subvention of 2% up to 31.3.2009 subject to a minimum of 7% per annum on pre and post-shipment export credit (since extended to 31.03.10 in the Union Budget 2009-10).

(iv) Provision of additional funds for full refund of Terminal Excise Duty/Central Sales Tax.

(v) Enhanced back-up guarantee to Export Credit Guarantee Corporation (ECGC) to cover for exports to difficult markets/products.

(vi) Refund of Service Tax on foreign agent commissions of up to 10% of FOB value of exports as well as refund of service tax on output service while availing benefits under Duty Drawback Scheme.

(vii) Credit targets of Public Sector Banks revised upward to reflect the needs of the economy.

(viii) State Level Bankers Committee would hold meetings for resolution of Credit issues of Medium, Small & Micro Enterprises (MSMEs).

(ix) Guarantee cover under Credit Guarantee Scheme doubled to Rs. 1 crore with cover of 50%.

(x) Duty Entitlement Pass Book rates restored to pre-November, 2008 levels and extended till 31.12.2009.

(xi) Duty Drawback on knitted fabrics enhanced retrospectively from 1.9.2008."

3.20 The Committee have been informed that the textile Industry has sought enhancement in the current duty drawback rates. When enquired about the action taken in this regard, the Ministry replied as under:-

"The Department of Revenue vide their Order No.609/67/2009-DBK dated 28th July,2009 has constituted a Committee for the purpose of formulation of All Industry Rates of Duty Drawback, 2009-2010. The Committee is in the midst of formulating the drawback rates, for which it has sought inputs from the industry and is also holding meetings and discussions with various sectors of the industry, including the textiles sector. The Ministry of Textiles has on its part requested the textiles industry to provide basic inputs to the Committee apropos determination of Duty Drawback

rates of textiles and clothing items for the year 2009-2010."

UTILIZATION CERTIFICATES:

3.21 The details of outstanding utilization certificates as on 31 March 2009, as furnished by the Ministry are as under: -

Details of Outstanding Utilization Certificates as on 31st March, 2009

Name of the Ministry/ Department sanctioning the grants-in-aid	Year of Sanction of grant	Due		Utilization Certificates received		Outstanding	
		No.	Amount	No.	Amount	No.	Amount
Ministry of Textiles	1976-77					0	0
	1977-78					0	0
	1978-79	303	1204.75	293	1159.92	10	44.83
	1979-80	314	1248.74	312	1237.74	2	11.00
	1980-81	166	646.77	163	642.89	3	3.88
	1981-82	172	677.83	171	677.43	1	0.40
	1982-83	194	752.76	190	750.74	4	2.02
	1984-85	233	912.70	231	911.82	2	0.88
	1985-86	233	913.05	230	910.9	3	2.15

	1988-89	252	1002.57	251	1002.32	1	0.25
	1989-90	283	1105.05	281	1103.55	2	1.5
	1990-91	354	1418.00	354	1418	0	0
	1991-92	412	1639.52	409	1632.05	3	7.47
	1992-93	472	1873.60	463	1852.89	9	20.71
	1993-94	590	2338.99	581	2243.88	9	95.11
	1994-95	610	2341.06	579	2314.79	31	26.27
	1995-96	617	2562.43	570	2332.96	47	229.47
	1996-97	556	2207.68	540	2155.79	16	51.89
	1997-98	608	2414.14	591	2371.51	17	42.63
	1998-99	463	1842.53	452	1811.29	11	31.24
	1999-2000	678	20342.98	650	20216.23	28	126.75
	2000-2001	622	15835.21	593	15745.27	29	89.94
	2001-2002	724	28514.04	693	28466.14	31	47.9
	2002-2003	865	57139.66	822	57051.74	43	87.92
	2003-2004	1067	73804.22	987	73204.74	80	599.48
	2004-2005	1084	74403.66	924	72654.41	160	1749.25
	2005-2006	1525	16761.63	1286	14094.83	239	2666.8
	2006-2007	2512	16139.99	2243	12026.55	269	4113.44
	2007-2008	2486	10382.69	1567	4176.02	919	6206.67
Total		**18395**	**340426.25**	**16426**	**324166.4**	**1969**	**16259.85**

3.22 From the above details, it is observed that as many as 1969 utilization certificates are outstanding involving an amount of Rs. 16259.85 lakhs as on 31 March 2009. When asked whether any action has been taken against the defaulting organizations, the Ministry replied as under**:**

> 'The specific action taken by the Ministry against defaulting organizations includes adequate follow up with these organizations for submission of desired reports/documents/accounts etc.

All the field formations were directed to locate the addresses of old NGOs / Grantee Institutions situated in their respective jurisdiction and contact them to either furnish audited accounts or refund the entire advance amounts released along with penal interest. This action has led to reduction of these pending UCs.

In order to liquidate these pending UCs, necessary effective follow up action shall be undertaken. Organizations with very old UCs shall be blacklisted and against them recovery proceedings shall be initiated.

Besides, a system of fortnightly meetings to review the progress of settlement of these pending UCs has been adopted."

3.23 When enquired why the Ministry have not been able to settle the default cases which are pending for so long *viz.*, from 1978-79 till 2007-08, the Ministry in their written note stated as under: -

"A good number of pending UCs have been settled. However in some cases, the organizations are not responding to the communications sent to their addresses …. Field formations shall make further efforts to locate the organizations as these are not available at the old addresses. Also regular follow up to liquidate these pending UCs and monitoring pendency shall be ensured."

3.24 The Committee note that the Budget Estimate of Rs.2500 for the year 2008-09 was revised to Rs.4092.32 crore at Revised Estimate stage. However, the Ministry had to surrender Rs.267.65 crore as unspent provisions. Asked to furnish the reasons for surrender of funds, the Ministry replied that a major portion of these unutilized funds was on account of the 10 percent mandatory allocation for the North Eastern Region. The Ministry stated that the funds could not be utilized as there was no demand for the schemes like TUFS, SITP, and TMC from the North Eastern Region mainly due to non feasibility, risk factor or law and order problems etc. with the result no expenditure could be incurred under these Schemes in North Eastern Region despite the best efforts. The Committee find that only two Seminars in 2006-07,

two in 2007-08 and one each in 2008-09 and 2009-10 have been organized by the Ministry in North Eastern Region, and the participation of artisans/weavers has been limited to the States of Assam, Manipur, Mizoram, Tripura and Nagaland. Needless to say the number of seminars/workshops were far from adequate for spreading awareness about textile industry/schemes in the North Eastern Region where and for which purpose far greater and concerted efforts are required to be made. The Committee feel that so far the Ministry have not been able to develop proper infrastructure for planned growth of North Eastern Region as there is only one regional office of Textile Commissioner for implementing/monitoring the central schemes in the entire region. All these facts themselves speak volumes about the seriousness and the ability of the Ministry to promote textile growth in North Eastern Region. Taking cognizance of the large availability of raw material for textile related activities

and various kinds of crafts being manufactured in North Eastern Region since long, the Committee strongly recommend that the Ministry should, thoroughly re-examine the scope of textile growth in that part of the country keeping in view the national perspective of integrated and harmonious national development. Apparently, setting up of required number of regional offices of Textile Commissioner, DCs for Handlooms and Handicrafts, adequate number of raw material depots, training centres and conducting of adequate and periodic workshops/seminars/exposure events in North Eastern Region is overwhelming need of the hour. The Committee are quite optimistic that sustainable and inclusive growth will automatically bring peace and help maintaining social, economic and political harmony. The Committee also desire that model Integrated textile parks be set up in North Eastern Region involving 100 percent funding by the Union

Government. Participation of people in such parks should be kept open at later stages without fixing any minimum financial cap, so that even the artisans/weavers/textile workers who are working in very small capacity could come forward. Further, such initiation would lead to formation of entrepreneur groups who would be able to take over the textile parks from the Government in due course.

3.25 The Committee note that during 2008-09 there was uneven expenditure during the four quarters of the year. The financial rules of the Government clearly stipulate the spreading of expenditure evenly over the four quarters and bar the undue utilization of funds in the last quarter of the year. The Committee are least convinced with the reply of the Ministry that the release of funds in large tranches under TUFS at certain points of time, as and when bank furnish the

bills, is the main reason for increased total expenditure in the first and fourth quarter. The Committee are seriously concerned since the uneven pace of expenditure, particularly rush of expenditure towards the last financial quarter, directly affects the proper and effective implementation of developmental and welfare schemes and consequently the growth of the entire sector is hampered. The Committee, therefore, recommend that all the Banks/lending agencies should be advised to forward the bills on quarterly basis. The Committee further desire that in order to ensure proper distribution and utilization of the allocated funds, there should be a monitoring Committee headed by the Secretary of the Ministry and which should meet at least once in a month to ensure strict compliance of the laid down norms/guidelines in this regard.

3.26 The Committee find that there is a huge variation in Budget Estimate and the actual expenditure during each of the first two years of XIth plan period. The reasons for huge variation in BE and actual expenditure during 2008-09 were attributed to non-payment towards voluntary retirement scheme of NJMC. The Committee feel that it is more due to poor planning and short-sightedness on the part of the Government. The Committee, therefore, desire the Government to adopt a more coherent and rational approach of forecasting the Budget Estimate for non-plan expenditure so as to avoid locking of precious financial resources and surrender of huge unutilized amounts at the end of the financial year.

3.27 The Committee observe that India's total export growth of textiles and clothing during 2005, 2006, 2007 was 23.74 %, 8.42% and 4.37% respectively, whereas the share of China stood at 20.92%, 25.05% and 18.83% during the years 2005,

2006 and 2007. The Committee are of the view that apart from the steps already taken by the Government so far, issues like revision of duty draw back rates, upgradation of technology, proper exposure and study of domestic market and finding out new markets worldwide for accelerating the textile exports should also be addressed to improve the economic health of the textile Industry. The Committee, therefore, strongly recommend that the components of Duty Draw Back Scheme should be reviewed with immediate effect and the rates as suggested by the representatives of the Industry should be considered and implemented without any further delay. Besides, there is urgent need for launching special drives to exploit untouched markets of EU and other textile demanding countries. The Committee also recommend that a separate study should be conducted to explore new potential in the domestic market. Further, efforts need be made to improve and upgrade the infrastructure base in areas of

technology, design and training so that Indian Industry could stand up to global competitiveness.

3.28 The Committee find that as many as 1969 utilisation certificates are outstanding as on 31st March, 2009 involving an amount of Rs. 16,259.85 lakhs. When enquired about the concrete action taken in the matter, the Ministry replied that the concerned organizations/agencies were not responding to the communications sent to their addresses. The Committee deplore such an approach of helplessness and therefore, recommend that the guidelines for disbursement of funds to NGOs and other private organizations should be reviewed afresh and strict norms should be followed for selecting such agencies

after due verification. The factors like the infrastructural base, financial position, past performance, availability of manpower etc. with the organization should be taken into consideration before their selection. The Committee also desire that efforts should be made to get the outstanding Utilization Certificates liquidated urgently and strenuous actions should be taken against the defaulting agencies/organizations including black-listing them.

B. TEXTILE WORKERS REHABILITATION FUND SCHEME (TWRFS)

3.29 The Textile Workers' Rehabilitation Fund Scheme came into force with effect from September 15, 1986, with the objective to provide interim relief to textiles workers rendered unemployed as a consequence of permanent closure of any particular portion or entire textile unit. The assistance under the Scheme is payable to eligible workers only for the purpose of enabling them to settle in another employment. Such assistance is not heritable, transferable or capable of being attached on account of any other liabilities of the worker. The worker's eligibility shall cease if he takes up employment in another registered or licensed undertaking. The rehabilitation assistance will not be curtailed if the worker ventures into a self-employment activity.

Eligibility

3.30 The beneficiary under the scheme are eligible provided he/she has been working in a closed textiles unit on the date of its closure continuously for five years or more and earning a wage equivalent of Rs. 2500 per month or less for the mills, which had closed between June 6, 1985 to April 1, 1993, and Rs.3500 or less thereafter. They should be contributing to provident fund maintained by the Regional Provident Fund Commissioner of the State concerned.

Period and Quantum of Relief

3.31 The relief under the Scheme is available only for three years on a tapering basis but will not extend beyond the date of superannuation of any worker. The worker is entitled to get relief

- to the extent of 75% of the wage equivalent in the first year of the closure of the unit;
- to the extent of 50% of the wage equivalent in the second year; and

- to the extent of 25% of the wage equivalent in the third year.

3.32 Till March 2009, under the Scheme, 43 units in Gujarat, 5 units in Tamil Nadu, 4units in Maharashtra, 4 units in Madhya Pradesh, 7 units in Karnataka, 2 unit in West Bengal, 3 in Punjab and 1 unit each in Delhi and Kerala, i.e., a total of 70 mills were found eligible under the scheme. A total of 102711 workers out of 132130 workers on rolls of these mills had been disbursed relief of Rs. 262.01 crore.

3.33 An amount of Rs. 3800 lakh has been allocated under the Textile Workers Rehabilitation Fund Scheme for the year 2008-09 out of which an amount of Rs. 2711 lakh was disbursed to the eligible workers thereby leaving an amount of Rs. 1088.55 lakh as unutilized. When asked why the Ministry was not able to fully utilize the funds allocated to them under the said Scheme, the Ministry in their reply stated as under: -

> "During year 2008-09, total 13120 workers were estimated to be covered under TWRFS. During year 2008-09, as per the information furnished by the State Govt., total 8412 workers were found eligible and all those workers have been paid relief of Rs. 27.11 crore.
>
> The concerned State Govt. is required to certify and furnish the details of workers to the concerned Regional Office of the Textile Commissioner. Thereafter the Regional Offices of the Textile Commissioner examine the eligibility of the workers as per TWRFS

guidelines and take further necessary action for payment of the relief to eligible workers. Rs. 38 crore was released by Ministry of Textiles for the benefit of displaced workers of closed mills. However, the State Govt. could not furnish details of all the workers as required under TWRFS. Hence the fund Rs. 10.8855 crore remained unutilized and surrendered."

3.34 From the information furnished by the Ministry, it is found that 59 mills have been closed during the past three years, which has rendered 2610 workers jobless. When enquired whether all such workers have been given the financial assistance under the Scheme, the Ministry in their replied submitted as under: -

"As per TWRFS guidelines, the scheme applies to Non- SSI Private textile mills closed after 05.06.1985 and declared as closed unit under Section 25(O) of the Industrial Disputes Act, 1947, or alternatively an Official Liquidator was appointed under Companies Act, 1956, for the purpose of winding up of the unit. None of the Non-SSI Private Textile Mills closed during last 3 years, fulfill the above conditions under TWRFS. Hence no workers of such mills have been given the financial assistance under TWRFS."

3.35 It has been informed that the Government had received representations from trade unions of workers / workers associations either to waive the wage ceiling or enhance the wage ceiling under TWRFS. Thereafter, a CCEA Note proposing certain modifications in the TWRF Scheme guidelines was circulated to various Ministries for their comments.

However, the Ministry of Finance, has not agreed to these modifications. The details of modifications, as proposed by the Ministry are as under: -

1) The TWRF scheme shall also apply to textile unit holding proper acknowledgement for establishment as industrial undertaking / commencement of commercial production as medium scale unit issued by the Ministry of Industry or Office of the Textile Commissioner, Ministry of Textiles, Govt. of India.

2) The Textile unit which has been completely closed continuously for more than five years after 5.6.1985 and is unlikely to be reopened / revived for production, shall be eligible under TWRFS even without order / certificate of closure under section 25(O) of ID Act, 1947 / appointment of Official Liquidator by High Court under Companies Act, 1956, for the purposes of winding up of the unit.

3) The Textile unit in case the actual / physical closure of the unit was on or before 05.06.1985 and the date of closure under section 25(O) of Industrial Dispute Act, 1947 or date of appointment of Official Liquidator under the Companies Act, 1956 is after 5.6.1985 shall also be eligible under TWRFS.

4) The workers earning wage equivalent up to Rs. 6500/- per month in respect of eligible textile units which are closed on or after 1.4.2002 will also be eligible for the benefit of the scheme.

5) Where all details of records for the eligibility of the worker(s) is / are available except the wage details, the relief under TWRFS shall be paid based on the prevailing minimum wage on the date of closure of the mill prescribed / notified / declared under law / statutory authorities.

6) In the event of non-availability of nomination in Provident Fund Department Records, grant of relief under the scheme to the heirs / claimants of deceased workman shall be based on (i) Succession Certificate from Competent Court / Charity Commissioner **or** (ii) furnishing an affidavit by the claimant affirming that he / they is / are the sole

legal heir(s) and indemnify the Government that in case of any dispute / claim by any other person(s) later on, he / they will settle the issue at their end or refund the relief amount received to the Government of India, provided that the affidavit is counter signed by the Textile Labour Association. In case the Official Liquidator has paid the legal dues / compensation etc. to the said heir(s), the affidavit will also be countersigned by Official Liquidator.

7) Where the official records / details of eligible workers of the eligible textile mills are not available, the details of the workers as accepted by Hon'ble Court for settling the mandatory / statutory dues of the workers and certified by Official Liquidator shall be accepted for the purpose of payment of relief under TWRFS.

8) An amount of Rs.243.60 crore will be required over period of 3 to 4 years for covering about 65000 workers of 162 Non-SSI Private mills which are closed for more than 5 years, after the proposed modifications came into effect.

3.36 When asked about the objections raised by the Ministry of Finance and whether other Ministries, whose comments were sought, were in agreement to the proposed modifications, the Ministry submitted in their reply as under: -

> "Ministry of Finance raised their objection stating that in view of the present fiscal situation and the competing demands on the resources of the Government, it is not possible to agree to any liberalization or expansion of the Scheme. Ministry of Labour conveyed its no objection to the proposal whereas, Ministry of Law and Justice desired that the views of Ministry of Finance and Ministry of Labour & Employment may be incorporated in the CCEA Note."

3.37 The Committee observe that the rigid and impractical eligibility criteria laid down under TWRFS have deprived maximum number of workers of the much needed benefits of the Scheme. The Committee are at loss to understand the very purpose of implementing this Scheme with such a low wage ceiling of Rs.2500 per month or less for the mills closed between 6 June, 1985 and 1 April 1993 and Rs. 3500 or less for those closed thereafter. The Committee are of the opinion that the welfare scheme should have been so designed to cover all jobless workers irrespective of their past wage/salary or any such factor relating to their previous job. The Committee, while considering the matter to be of paramount importance, strongly recommend that the aforesaid wage ceilings should be waived off and all the workers of the closed mills should be covered under the Scheme.

3.38 The Committee are deeply concerned to note that 2610 workers of 59 Mills, which were closed during the last 3 years, have not received any relief under Textile Workers Relief Fund Scheme. The Committee take a serious view of such a sorry state of affairs as the very purpose of the TWRFS is defeated due to such inordinate delay in providing relief to the workers. The Committee strongly feel that relief to workers should be provided immediately after the closure of the Mills to enable them to run their families without difficulty while switching over to a new job or for making alternate arrangement for livelihood. The Committee, therefore, recommend that guidelines of the TWRFS should be modified.

C. TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)

3.39 The Technology Upgradation Fund Scheme, the flagship scheme of the Ministry of Textiles, was launched on 1 April, 1999, with the objective of making funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology in order to enhance its viability and competitiveness in the domestic and international markets. The Scheme covers spinning, cotton ginning & pressing, silk, reeling & twisting wool, scouring & combing, synthetic filament yarn texturising, crimping and twisting, manufacturing of viscose filament yarn (VFY) / viscose staple fibre (VSF), weaving/knitting including non-wovens and technical textiles, garments, made-up manufacturing, processing of fibres, yarns, fabrics, garments and made-ups, and the jute sector.

3.40 IDBI, SIDBI and IFCI are the nodal agencies for Non-SSI textile sector, SSI textile sector and Jute sector respectively. However, in 2005, 13 additional nodal banks have been appointed under TUFS for determining eligibility & releasing the subsidy in respect of cases financed by them. The Govt. has decided to continue the scheme for the Textiles and Jute industries with effect from 1.11.2007 to 31.3.2012 (XIth Five Year Plan Period) and Rs. 1,140 crore has been earmarked for the Scheme during 2008-09.

3.41 The important parameters of the Scheme as amended, for the Eleventh Plan period are as follows: -

i). The scheme will continue to provide a reimbursement of five percentage points on the interest charged by the lending agency on a project of technology upgradation in conformity with the Scheme. However, for the spinning machinery the reimbursement will be four percentage points.

ii). The scheme will continue to provide cover for foreign exchange rate fluctuation not exceeding 5%. However, for the spinning machinery the coverage will be 4%.

iii). The Scheme will now provide an additional option to the powerlooms units to avail of 20% margin money subsidy under TUFS in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and a ceiling on subsidy of Rs.20 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

iv). The Scheme will now provide 15% margin money subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and a ceiling on subsidy of Rs.15 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

v). The Scheme will continue to provide 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

vi). The Scheme will now provide 5% interest reimbursement plus 10% capital subsidy for specified machinery required in manufacture of technical textiles and garmenting machinery.

vii). The Scheme will now provide Interest subsidy/capital subsidy on the basic value of the machinery and exclude the tax component for the purpose of valuation in view of the decision for non-subsidizing the taxes.

viii). The Scheme will provide 25% capital subsidy on purchase of the new machinery and equipment for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipment, for handlooms production units.

ix). The entire range of imported second hand machinery will now be ineligible under the Scheme for any benefit except automatic shuttleless looms with the value cap of Rs. 8.00 lakh per machine and 10 years' vintage and with a residual life of minimum 10 years.

x). Other investments such as energy saving devices, effluent treatment plant, in-house R&D, IT including ERP, TQM including adoption of ISO/BIS standards, CPP etc (including non-conventional sources) as mentioned in Para 3.3(2) of the existing Scheme will now be eligible for benefits of the scheme only up to 25% of the cost of machinery.

xi). Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector and handlooms with existing 50% cap. In case apparel unit is engaged in other activity, the eligible investment under this head will only be related to plant & machinery eligible for manufacturing apparel.

Progress of the Scheme

3.42 The Following figures show the progress under the Scheme in terms of applications received and actual disbursement made, covering the period from 01.04.1999 to 31.03.2009:-

(Rs. crore)

Period	Applications received		Applications sanctioned			Applications disbursed	
	No.	Total cost of project	No.	Project Cost	Amount	No.	Amount
1999-2000	407	5771	309	5074	2421	179	746
2000-2001	719	6296	616	4380	2090	494	1863
2001-2002	472	1900	444	1320	630	401	804
2002-2003	494	1835	456	1438	839	411	931
2003-2004	867	3356	884	3289	1341	814	856
2004-2005	986	7941	986	7349	2990	801	1757
2005-2006	1086	16194	1078	15032	6776	993	3962
2006-2007	12336	61063	12589	66233	29073	13168	26605
2007-2008	2408	21254	2260	19917	8058	2207	6854
2008-2009 (P) *	5773	52252	5739	51420	22309	5780	20151
As on 31.03.2009 (P)	**25548**	**177863**	**25361**	**175452**	**76527**	**25248**	**64530**

Note : The progress during the current year is provisional as only 19 lending agencies have furnished the consolidated progress for the month ending March, 2009 and many other lending agencies have still not furnished the progress.

*** -** As the cut off date for the cases sanctioned prior to on or before 31st March, 2007 for claiming subsidy under TUFS has been fixed till the quarter ending Dec., 2008, the data up to Dec., 2008 covers units whose project was sanctioned prior to 31st March, 2007.

3.43 The progress of TUFS during the last three years showing yearly budget allocated and other details are given as under:-

Year	Budget Allocation (in Rs Crore)	No. of applications Received	Amount Claimed (in Rs Crore)	Amount Actually Reimbursed (in Rs Crore)	Average time taken for disposal
2007-08	**1143.37**	**12034**	**1145.12**	**1093.16**	**1-2 Months**
2008-09	**2632**	**12449**	**3123.04**	**2624.48**	**1-2 months**
2009-10 (upto Aug.09)	**2890**	**12514**	**2638.62**	**2639.28**	**1 month**

3.44 On being enquired about the news-item that appeared in the Business Standard of 21 February 2009 stating that dues amounting to more than Rs. 2000 crore are pending under the Scheme till March, 2009, the Ministry in their reply stated as under: -

> 'The pending claims of Rs.2639.28 crore in respect of lending agencies which have submitted the data in the prescribed format for

> the period up to September 2008, December 2008, March 2009 and partially up to June 2009 have been cleared to the extent of Rs.2639.28 crore. However, there are still some lending agencies which have not submitted the bills for release of subsidy. The amount will be disbursed after receipt of requisite information from those agencies."

3.45 When asked whether the outlay of Rs. 2890 crore under TUFS for the year 2009-10 is adequate to cater to the increasing need of entire textile Industry in the current scenario of recession, particularly when there is huge amount pending on the Government for the year 2008-09, the Ministry replied as under:-

> "Outlay of Rs 2890 crore under TUFS for the year 2009-10 will only be able to settle the claims for the year 2008-09. To cover the claims of 2009-10 additional fund of Rs.1884 crore would be required."

3.46 The Committee find that still there is a requirement of Rs. 1884 crore for settlement of claims during the current financial year under the Scheme and the budgetary allocation of Rs. 2890 crore appears to be inadequate to clear the dues. The Committee, while taking cognizance of the fact that results of the Scheme are encouraging, recommend that the matter

should be taken up with the Ministry of Finance to allocate estimated funds required under the Scheme to clear the backlog and ensure its smooth functioning.

3.47 The Committee observe that the TUFS is virtually a non-starter in the North Eastern States. Since the year 2005-06, not even a single paisa has been spent under the Scheme in North-Eastern States of the country. Such a lopsided approach constitutes a sad reflection on the planning of the Government, to say the least. Surprisingly, the Government propose to get exemption from the compulsory allocation of 10% funds of the total B.E. to NER under the Scheme stating that there is no demand from that region. The Committee outright reject such an approach as this will only discourage the artisans/weavers working there. The Committee, therefore, recommend that

imaginative and concrete steps should be taken to popularize the Scheme in that region.

D. FASHION HUB

3.48 It is proposed to set up fashion hubs in the country with the objectives of strengthening the entire textile value chain and to provide an interface between stakeholders by creating a permanent market place for the Indian fashion industry which would serve as a single stop fashion business point in India. These hubs would have latest collection ranging from textile accessories to the finished products.

3.49 An amount of Rs.30.00 crore has been proposed for 11th Plan period and an amount of Rs.1.00 crore allocated during Annual Plan 2009-10 as a token provision. The expenditure is meant for setting up the centre, developing production and design studios for commercial purposes including that of accessories.

Salient Features:-

3.50 A Fashion Hub/ Fashion Market Centre is conceived as a dedicated area for promotion of fashion industry and as a support for marketing to Indian designers . The focus of the hub would only be on the fashion industry. It could perform a range of functions such as:

- offer a wide variety of designer wear products such as apparels, accessories from the Indian fashion manufacturing Industry through a permanent exhibition.
- hosting market meets/ fashion shows during all the seasons.
- provide facilities for design, research on products and producers, fashion photo shoots, etc.

- produce literature on a wide range of fashion business related issues.

Objectives: -

3.51 A Fashion Hub/ Fashion Market Centre can have one or more of the following objectives :-

- To provide an interface between stakeholders by creating a permanent market-place for the Indian fashion Industry. It would serve as a single stop fashion business point in India.

- To showcase Indian fashion trends and highlight the craftsmanship and design legacy of India .

- To project an image of India's contemporary look and to serve as a center for creative fashion activity.

- To be a fashion gallery and to facilitate the organization of International fashion events and competitions.

- To strengthen the entire supply chain which would include establishing backward linkages with suppliers.

- Venture financing and incubation for new budding entrepreneurs among NIFT alumni, students and

faculty in diverse areas of fashion, lifestyle and traditional crafts.

- Management development programmes (MDP) for strengthening and upgrading the management cadre in various fashion and garment units in the country and to create change agents among the emerging generation.

Funding:-

3.52 The Fashion Hub/ Fashion Market Centre will be structured as an SPV under the Companies Act. The representation on the Board could again be from different stakeholders. Cost of the project is estimated as Rs 125 crores. Government participation in capital costs would be to an extent of Rs 25 crores, the rest coming from presale advances and some debt.

3.53 It has been informed that one fashion hub is proposed to be set up in Delhi during the XIth plan period and a plot of 10 acres has been identified by DDA. When asked whether said plot of land has been acquired the Ministry replied as under:

> "Delhi Development Authority (DDA) vide its letter dated 22nd January, 2009 has intimated that they have identified a piece of land measuring 10 acres near IGNOU Campus in Maidan Garhi for allotment to the Ministry for the proposed Fashion Hub. The Competent Authority in DDA has approved the same 'in-principle' and the cost of land would be decided in consultation with Finance Division of the DDA and the Ministry of Urban Development. DDA has further stated that the formal letter, in this regard, could be issued

only after completing the statutory process of change of land use from agricultural to Public and Semi-Public (i.e. institutional use) is approved by the Ministry of Urban Development.

The Ministry had followed up with the DDA as well as Govt. of N.C.T. for speedy allotment of land. However, despite several efforts on the part of the Ministry, the required land has not been allotted so far from the Ministry of Urban Development and DDA. Last letter from Secy.(Textiles) was sent to the Secy.(Ministry of Urban Development) on 20th January, 2009 and from JS(Textiles) on 28th April, 2009, for allotment of land.

To expedite the finalization of the concept paper, a Core Advisory Group has been constituted to advise on the various issues relating to setting up of Fashion Hub which include number of Fashion Hubs to be set up, the fund requirement, the type of activities to be taken up in Fashion Hub (s) which will also indicate the proposed land usage etc. Then the DPR will be sent to DDA and others (if required) for allotment of land."

3.54 The Committee express their concern over the slow progress of setting up of a Fashion hub in Delhi as the identified land is yet to be allotted and the amount of Rs. 1 crore allocated under the said scheme during

each of the last three years has remained un-utilized. The Committee, therefore, strongly recommend that the whole process needs to be reviewed on an urgent basis and the departments/agencies involved, should be asked to expedite the completion of all procedural formalities and provide necessary approval without any further delay. The Committee further recommend that land for setting up of Fashion hubs in other States also should be identified so that local artisans, weavers and crafts persons and other skilled textile workers are able to showcase and market their products locally as also all over the country.

3.55 The Committee also urge upon the Government to set up NIFT centres throughout the country, particularly in the NER, J&K, Himachal and Uttrakhand so that apart from providing infrastructural base and promoting textile industry there, the interested students are able to study within their

vicinity. The Committee desire that urgent steps should be taken to move the proposal in this regard and the whole exercise should be completed expeditiously but positively within the ensuing financial year.

E. NATIONAL TEXTILE CORPORATION LIMITED

3.56 The National Textile Corporation Limited (NTC) was incorporated in 1968 to manage the affairs of nationalized sick private sector textile mills which were taken over by the Government under the three Nationalization Acts-The Sick Textile Undertakings (Nationalization) Act, 1974, The Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986, and The Textile Undertakings (Nationalization) Act, 1995.

3.57 With the main objectives of managing the affairs of 16 sick textile mills taken over by the Government. NTC took over more sick textile mills under 3 Nationalization Acts. (1974, 1986 & 1995), raising the number to 119 mills in 1995. Due to continuous losses and erosion of equity, in August 1992 and May 1995, the Cabinet approved strategies for the turnaround of NTC. However, these could not be implemented, as funds could not be raised.The Cabinet again considered the revival package in 2000 and constituted GoM to take decisions during the implementation period. GoM has held 13 meetings between 2000-2008. BIFR sanctioned rehabilitation schemes for NTC in 2002/2005, which

were modified in 2006 (MRS-06) and 2008 (MS-08). All the 9 subsidiaries of the company merged with the Holding Company on 01.04.2006, making it a single entity. Out of the total 119 mills, two mills were transferred to the Govt. of Puducherry. NTC was left with 117 mills. 77 mills were found as unviable. Out of these, 76 mills have been closed, and land of one mill proposed for setting up of Technical Textiles. Of the remaining 40 viable mills, the present status is as under:-

(i) 17 mills modernized by NTC itself;
(ii) Modernization of one mill under progress;
(iii) 4 mills being set up as relocated green field units;
(iv) 16 mills offered for joint venture; and
(v) 2 mills earlier slated for joint venture now proposed to be modernized by NTC itself.

3.58 Drastic reduction of surplus strength from 83,537 as on 1.4.2001 to 11,471 as on 1.4.2009 has been achieved. NTC has achieved turn around and is recording overall profit of about 200 crores as per unaudited accounts in the financial year 2008-2009.

3.59 The details of the working capital loans received by NTC towards the shortfall in wages is as under: -

Year	**Amount (Rs. in crores)**
2004-05	257.17
2005-06	264.00
2006-07	62.50
2007-08	62.50

2008-09	145.00
Total	791.17

3.60 On being asked the reason for increase in working capital loan during the year 2008-09 despite the fact that the numbers of employees have been further reduced by NTC during 2007-08 and 2008-09, the Ministry replied as under: -

> "Due to the modernization work taken up by NTC as also some of the mills going into joint venture, the normal production activities had slowed down temporarily. This had affected the sales revenue of the company during the year 2008-09 having to depend more on Govt. support. However, the trend has improved after the modernization and the company may not require any Govt. budgetary support during 2009-10."

3.61 NTC earned profit during the year 2008-09, when asked when does NTC propose to clear the dues of Rs. 791.17 crore taken as working capital loan, the Ministry in their written reply stated as under: -

> "NTC has earned a profit of Rs.4179.43 crores as per audited accounts which includes write off of Govt. loan amounting to Rs. 3402.62 crores and waiver of Interest amounting to Rs. 2727.13 crores as on 31.03.2006. However, none of the mills was able to make cash profit as the modernization was under completion in the mills last year and the results are expected in the current year.

Government of India has waived loan as on 31.3.06. After the waiver the outstanding loan as on 31.3.09 is only Rs.270 crores. Out of this, the loan of Rs.62.50 crores given during 2006-07 is under consideration for writing off. The balance Rs.207.50 crores will be repaid in installment over the years, once the modernized mills start making profit."

3.62 On being asked whether the work of modernization in all 40 mills of NTC has been completed, the Ministry replied as under:-

"As regard the 22 mills to be modernized by NTC itself as per approval of BIFR/GOM approval, out of which 17 mills have been modernized and one mill i.e. Cannanore Mills, Cannanore will be modernized on Turn Key Basis by October, 2009. The modernization was delayed due to dispute with workers union. Now it has been settled.

The remaining four mills are to be modernized by relocation as green field mills. Out of these, in 3 mills, the civil work under progress and in case of Finlay mills spinning machinery has been reached at site and the erection work is going on. In case of Minerva Mills, the civil work in spinning department will be completed by September, 2009. The spinning preparatory machines have been received in the mills for erection work.

In case of Rajnagar Mills, the modernization has been delayed due to permission not been granted by local authorities e.g. Ahmedabad Municipal Corporation, Pollution Control Board, Railway Authorities etc.

The 4th mills i.e. Udaipur Cotton Mills to be relocated at the land of Mahalaxmi Mills, Beawar is proposed for being set up as a technical textile instead of spinning and weaving activities which was proposed earlier. The feasibility report of technical textile is under preparation, after detailed market survey for technical textile products the same will be finalized.

As regard the 18 mills to be revived through Joint Venture route, JV for 5 mills have been finalized with 3 JV partners. MOUs have been signed with 3 JV partners for 11 mills and the process for formation of JV companies with all other formalities is in progress.

Remaining two mills have been approved by BIFR for modernization by NTC itself instead of JV, due to improved performance."

3.63 The Committee have been informed that out of the 12 viable mills which were dropped from the modernization programme, 11 mills had been closed under I.D.Act, the reason attributed by the Ministry for closure of 11 mills was paucity of funds. When enquired, why it is so that the Ministry in response to a query in 27th Report of the Committee (14th Lok Sabha) stated that these mills have been dropped from the modernization programme due to the fact that most of their employees have opted for VRS whereas the reason given now is paucity of funds, the Ministry replied as under:-

> "In 12 Mills, which are identified for modernization, most of the employees had opted for MVRS. In the meantime, NTC also observed that renovation/replacement of old machinery is not feasible due to the poor condition of the old machines and replacement would require huge funds for latest technology in order to compete with the market. Hence, 12 mills were dropped from the list of modernization programme after BIFR approval. These 12 mills are not being modernized.'

3.64 The Committee note that 12 viable mills which were earlier due for modernization have been dropped since most of the employees of these mills opted for Voluntary Retirement Scheme and also due to paucity of funds. The Committee are distressed to note that these mills have been left out of the modernization process despite the fact that these were viable units and there was scope of modernizing them. The

Committee strongly recommend the Government to review its decision and take steps to revive these 12 mills.

F. British India Corporation (BIC) MILLS

3.65 The British India Corporation Ltd. was taken over by the Government of India on 11.06.1981 by acquisition of all private shares. The BIC Ltd. has two Woollen Mills, namely, Cawnpore Woolen Mills Branch (Lalimli) at Kanpur in Uttar Pradesh and New Egerton Woollen Mills Branch at Dhariwal in Punjab under its direct control. Besides, it has two cotton subsidiary companies, namely Elgin Mills Co. Ltd. and Cawnpore Textiles Ltd. Both at Kanpur in Uttar Pradesh.

3.66 The Company was referred to BIFR in the year 1992 and was declared sick. Thereafter, a rehabilitation Scheme was approved by BIFR in the year 2002 which could not be implemented due to non conversion of leasehold land of the mills into freehold by State Government of U.P. and lack of adequate funds. Regarding the latest position in the matter, the Ministry of Textiles have informed through written note as under:-

> 'The Modified Rehabilitation Scheme (MRS) was submitted for Cabinet approval in February, 2009. However, the Cabinet Secretariat had returned the proposal advising that it may be resubmitted along with Board for Reconstruction of Public Sector Enterprises [BRPSE] recommendation. Accordingly, a Techno-Economic Viability [TEV] study of BIC is being done through the Wool Research Association recently. The WRA report is expected to be received by BIC by 15th October 2009. After finalization of TEV with financial inputs, recommendation of BRPSE and approval of Cabinet is also required to be obtained. After receipt of TEV report with financial inputs, proposal will be submitted for consideration of BRPSE. Depending upon the BRPSE recommendation, proposal will be re-submitted for Cabinet approval."

3.67 When asked whether State Government of U.P has given necessary approval for conversion of leasehold land of BIC mills into freehold, the Ministry replied that despite repeated requests at highest levels in the Ministry of Textiles and earlier intervention of the Parliamentary Standing Committee in its meeting held on 5-1-2009, permission of Govt. of U.P has not been received.

3.68 The Committee have been further informed that modernisation of the mills can be taken up only depending upon the TEV study report, BRPSE recommendation and Cabinet approval. However, permission from the State Government, sale of surplus land etc., will be very crucial aspects of the revival plan. In the absence of permission from State Government and sale of surplus lands, funding of the revival plan will be absolutely difficult.

3.69 The Committee note that a techno-economic viability study of BIC is being done through the Wool Research Association. After receipt of the study Report, a proposal will be submitted for consideration of the Board for Reconstruction of Public Sector Enterprises (BRPSE) and, thereafter, approval of the Cabinet will be required. The Committee find that the long pending issue of conversion of land by State Government of Uttar Pradesh has not made any visible

headway till date and, without which the whole exercise, which is being carried out, would prove futile. The Committee, therefore, strongly recommend that the matter should be taken up with the State Government at highest level and be vigorously pursued further till it fructifies. They further desire that the aforesaid ongoing study needs to be completed within the current financial year. The progress made in this regard should be intimated to the Committee within three months.

New Delhi

15th December, 2009
24 Agrahayana,1931 (Saka)

HEMANAND BISWAL
CHAIRMAN
STANDING COMMITTEE ON LABOUR

ANNEXURE- I

Statement showing the physical and financial targets and achievements during 2008-09 under various schemes:

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
VILLAGE & SMALL INDUSTRY							
1	**HANDLOOMS**						
(i)	*Diversified Handloom Development Scheme*	15.00	10.39	10.15	67.67	250 Design Exhn. – cum dyeing workshop; Photo I D Cards to about 50 lakh eligible handloom weavers/workers	221 Design Exhn; I card will be provided after completion of fieldwork of Handloom Census tentatively by September' 09.
(ii)	*Handloom Weaver comprehensive Welfare Scheme i) Health Insurance Scheme; ii) Mahatma Gandhi Bunker Bima Yojana*	80.00	80.00	80.00	100.00	23.72 lakh Weavers to be covered.	24.54 lakh weavers
(iii)	*Millgate Price Scheme*	25.00	29.59	29.59	118.36	700 lakh kg.	855.02 lakh kg.
(iv)	*Marketing & Export Promotion Scheme*	40.00	40.00	39.93	99.83	343 Marketing Events/Expos/ Crafts Mela/ DLEs; 15- Export Projec; 10- Participation in International	399 Marketing Events/Expos/Crafts Mela/ DLEs approved; 14- Export Projec; 9- Participation in International Fairs.

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
						Fairs.	
(v)	*Integrated Handloom Development Scheme*	95.00	94.72	94.98	99.98	100 clusters; 9.22 lakh weavers	131 clustures;11.61 lakh weavers
(vi)	*Lumsump Provision for NER*	85.00	71.11	69.79	82.11		
	Total (Handlooms)	**340.00**	**325.81**	**324.44**	**95.42**		
2	**SERICULTURE**						
(i)	*R&D/Transfer of Technology /IT Initiative*	19.28	17.23	17.23	100.00	1. Mulberry-Project 175; 2. Non Mulberry-Project 66; 3. Post Cocoon projects-22	1. Mulberry-Project -140; 2. Non Mulberry-Project 46; 3. Post Cocoon projects-15
(ii)	*Seed Organization/ HRD*	12.21	14.08	14.08	100.00	DFLs Mulberry 286 lakh DFLs; Tasar 30.01 lakh DFLs; Eri 2.65 lakh DFLs; Muga 3.24 lakh DFLs; Oak Tasar 1.50 lakh Total DFLs-323.4 lakh DFLs	DFLs Mulberry 290 lakh DFLs; Tasar 34.04 lakh DFLs; Eri 1.62 lakh DFLs; Muga, DFLs-awaited; Oak Tasar 1.62 lakh DFLs; Total -327.84 lakh DFLs
(iii)	*Quality Certification Systems (QCS)*	1.23	1.75	1.75	100.00	1 Cocoon Testing centre - 4 units; 2. SMOI Members-300 Nos..; 3. Authorized	1 Cocoon Testing centre - 3 units; 2. SMOI Members-294 nos..; 3. Authorized users-303 Nos..; 4.

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
						users- 300; 4. Awareness prog.- 230 Nos..; 5. (I) Consumption of Silk Mark Labels - 18 lakh; (ii) Sewin Labels -	Awareness prog.- 240 Nos..; Silk Mark Labels - 20.01 lakh; (ii) Sewin Labels - 0.25 lakh
(iv)	*Catalytic Development Programme (CDP)*	64.78	74.44	74.44	100.		
	Lumsump Provision for NER	17.50	23.50	23.50	100		
a.	Package for Seed Sector						
	Support for upgradation/ establishment of new grainage /PPC/ farm cum grainage					421 grainages	182 grainages
	Assistance to seed reares					370 nos.	4.62 nos.
b.	Package for Cocoon Sector						
	Plantation					15437 acres	16448.81 acres
	Assistance for irrigation etc					1500 hectares	4080 hectares
	Supply of rearing appliances					2000 acres	5702 acres
	Supply of crop protection material					6000 seed farmers	1250 seed farmers
	Construction of rearing houses					11000	6735

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
	Construction of chawkie rearing centres					300	1731
	Insurance support					Demand dependent	89 lakh Dfl's
	Setting up of production units for biological inputs					Lump sum	
	Door to door service agents					Lump sum	6 units
	Training					Demand dependent	
	Construction of Tasar Cocoon grainage house					120	48
	Support of Eri cultivators with start up tools					16650 half acre units	1810 half acre units
c.	Package for Post Cocoon Sector						
	Silk Reeling & spinning component					35 basins	29 basins
						159 units	207 units
	Incentive for production of bivoltine silk					600 MTS	78.59 MTS
	Quality linked support system for cocoons/ raw silk					5 States	11 States
	Cocoon bank					1 No	3
	Master Reeler/ weavers					16 Nos..	27 Nos..
	Support for vanya reeling/spinning sector					1100 Nos..	1702 Nos..

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
	Support for spun/spinning mills					1	-
	Support for establishing shutteless looms					4	1
	Support for Handloom sector for loom upgradation					1410	1342
	Support for setting up of Common Facility Centes					31	37
d.	Corporate participation					1 project	-
e.	Support Service Sector					A.20 Batch; B. 1000 Nos..; Others: Demand dependent	A.6 Batch; B. 517 Nos..; C: 9 States
	A: Entrepreneurship Dev. & Management Dev. Prog.; B: Beneficiary Empowerment Prog.; C. Publicity; D. CDP through NGO's; E. Women Dev.; F. Emphasis on tribal areas						
	Total (Sericulture)	**115.00**	**131.00**	**131.00**	**100.00**		
3	**HANDICRAFTS**						

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
(i)	*Design & Technical Upgradation Development*	10.00	15.67	14.40	144.00	230 events	192 events
(ii)	*Baba Saheb Ambedkar Hastshilp Vikas Yojana*	46.09	33.89	31.49	68.32	120 clusters	125 clusters
(iii)	*Marketing & Support Services*	40.46	39.96	38.02	93.97	Domestic-492 events; International- Sanctioned-75 Conducted-65	Domestic-263 events International-170 events
(iv)	*Human Resource Development*	4.22	3.67	2.72	64.45	Training Programme through Institutions-18; Programmes under Guru Shishya Prampara-70. Total events (88)	Training Programme through Institutions-7; Programmes under Guru Shishya Prampara-140. Total events (147)
(v)	*Research & Development*	7.13	5.71	4.44	62.27	Census of 20% districts in the country	Census of further 20% districts in the country for six regions awarded. 30 new studies awarded, 17

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
						Survey and studies as per requirement Setting up one testing lab	workshops Setting up of one lab at Bangalore sanctioned.
(vi)	*Construction of Building including (handicraft Bhawan)*	4.50	3.22	1.99	44.22		
(vii)	*Welfare and Other Scheme*	53.60	56.54	54.93	102.48	Bima Yojana – 1.00 lakh; RGSSBY – 8.00 lakh	Bima Yojana – 8.37,872 artisans covered; RGSSBY – 10,10,300 artisans covered.
(viii)	*Lumsump Provision for the benefit of NER*	54.00	53.50	50.48	93.48		
	Total (Handicraft)	**220.00**	**212.16**	**198.47**	**90.21**		
4	**POWERLOOMS**						
(i)	*Group Insurance Scheme*	0.80	12.30			126000	114011
(ii)	*Group Work Scheme & Integrated Powerloom Cluster Development.*	9.20				-	-
	Total(Powerlooms)	**10.00**	**12.30**	**10.54**	**105.4**		

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
					0		
5	**WOOL & WOOLLENS**						
	Wool Development Board	15.00	15.00	14.50	96.66		
(i)	Improvement of wool Fibre						
a.	Sheep & Wool Improvement Scheme						
	Sheep						
	Ongoing (No.)					6.75 Lakh	6.75 lakh
	New (No.)					15.25 Lakh	15.25 Lakh
	No. of Families					10.7 Lakh	10.7 Lakh
b.	Development Specialty Fibres –Angora Wool Development (Families)					120	140
c.	Development of Specialty Fibre- Development of Pashmina. (Families)					800	800
d.	Human Resource Development scheme & Promotional activities					200 person, 15 woollen expo	295 person, 15 woollen expo
(ii)	Quality Processing of Wool						
a.	CFC for integrated wool Processing					2	2
b.	Quality Processing of Wool					Nil	Nil
(iii)	Social Security scheme						
a.	Sheep Breeders Insurance Scheme					45000	26545

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
b.	Sheep Insurance Scheme					12 Lakh	391063
	Total (Wool & Woolens)	**15.00**	**15.00**	**15.00**	**100.00**		
6	Development. of six Mega Clusters		20.00	18.70		This is a new scheme and not a target based scheme. The Scheme was approved by the Cabinet Committee of Economic Affairs (CCEA) on 20.11.2008.	The process of implementation of the six mega clusters, viz. Varanasi & Sibsagar for Handlooms, Bhiwandi & Erode for Powerloom and Narsapur & Moradabad for Handicrafts, have been initiated in right earnestness. CMTAs, which would be responsible for implementation of the projects for four mega clusters, namely Varanasi for handlooms, Moradabad for handicrafts, Bhiwandi and Erode for powerlooms have so far been carried out.
	Total Grand (VSI)	**700.00**	**716.27**	**697.68**	**97.40**		

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
B. INDUSTRY & MINERALS							
7	*NIFT*	32.50	78.25	78.25	242.64	NIFT (Rae Bareilly) - Construction of new Building; Major works & purchase of Equipments etc.	Out of approved outlay of Rs. 11.76 crore, only 2.40 crore were utilized. Rs. 9.36 Grant could not be utilized because Land was not made available for construction of Permanent Campus at Bareilly.
						Implementation of OBC Quote Reservation	Whole the amount of Rs. 59.99 crore was utilized for Infrastructure and Academic facilities of NIFT Centres to accommodate OBC students in NIFT.
						North East Region - Works & Purchase of Equipment for NIFT Shilong Centre	Out of approved outlay of Rs. 6.50 crore, only 5.12 crore were utilized.
8	*R & D including TRAs*	2.00	2.00	2.00	100	15 Projects	The Projects of 2008-09 are of the duration from 18 months to 36 months.

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
9	*TUFS*	1140.00	2843.61	2632.00	230.88	Demand Based	During 2008-09, as against the 5063 sanctioned applications, a total of 5104 applications were disbursed for an amount of Rs.16577 crore. Out of which Rs. 2632 crore was the subsidy amount for the same year.
10	*Scheme for Integrated Textile Park*	450.00	305.00	279.59	62.13	Development of 40 sanctioned parks.	3 parks completed
11	*Jute Technology Mission*	80.00	66.00	66.00	82.5	The JTM was launched in February 2007, The JTM will be implemented during the remaining period of the XIth Five year plan period. During 2007-08, mainly the preparation of manual, identification of the executing agencies and other preparatory exercise were undertaken. The actual implementation started in 2008-09with awarding jobs to different agencies by inviting tenders / bids, etc. for different schemes under Mini Mission IV of JTM. The actual physical progress will start coming out by the end of third year onwards i.e., 2009-10.	
12	*Export Promotion Studies*	1.00	1.00	0.93	93	Demand Based	0.93 crore

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
13	*Sardar Vallabhbhai Patel Institute of Textile Management Coimbatore (SVPITM)*	5.25	5.25	5.25	100.00	4.28	4.28
14	*Cotton Technology Mission (CSS)*	60.00	60.00	50.00	83.33	MM-III - Development of Market yards (Total target-250)	33
						MM-IV - Modernization of G&P factories (Total target 1000)	143 G&P units have been up-graded during this year including unfinished projects, work in the progress of the previous years.
15	*Technical Textiles including Jute*	13.00	13.00	100.00		Demand Driven	-
16	*Foreign Investment Promotion Scheme (FDI)*	0.01	1.94			1.94 crore	The amount spent was Rs. 93.49 lakh towards preparation of country profile and facilitating preliminary visits to target countries.
17	*Common Compliance Code*	0.01	0.00			-	-
18	*Brand Promotion Scheme*	6.48	0.00			-	-
19	*Textipolis*	1.00	0.00			-	-
20	*Setting up of Fashion Hub*	1.00	0.00			-	-

Sl No.	Name of Sector/ Scheme	Annual Plan 2008-09 (Rs. in crore)					
		BE	RE	Exp (P) #	% over BE	Target	Achievements
1	2	3	4	5	6	7	8
21	*Textile Engineering including Jute*					-	-
22	*Human Resources Development*	8.00	0.00			-	-
	Sub Total (B)	**1800.00**	**3376.05**	**3127.02**	**173.72**		
	GRAND TOTAL (A+B)	**2500.00**	**4092.32**	**3824.67**	**152.99**		

P; Provisional

#: Based on releases from PAO

Note: Schemes at sl. nos.. 16-22 are new schemes which are at various stages of approval and hence only token provisions are being allocated.

ANNEXURE

MINUTES OF THE SITTING OF STANDING COMMITTEE ON LABOUR HELD ON 30TH SEPTEMBER, 2009.

The Committee met from 1100 hrs. to 1330 hrs in Committee Room No. 074, Parliament Library Building, New Delhi to take oral evidence of the representatives of the Ministry of Labour and Employment on the Demands for Grants for the year 2009-2010.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS
LOK SABHA

2. Shri M. Anandan
3. Shri P. Balram
4. Dr. Shafiqur Rahman Barq
5. Shri Sudarshan Bhagat
6. Shri Hassan Khan
7. Shri Kaushalendra Kumar
8. Shri P. Lingam
9. Shri Hari Manjhi
10. Shri P.R. Natarajan
11. Km. Mausam Noor
12. Shri Ramkishun
13. Shri Chandu Lal Sahu
14. Shri Murari Lal Singh

RAJYA SABHA

15. Shri G. Sanjeeva Reddy
16. Shri Rudra Narayan Pany
17. Shri Rajaram

SECRETARIAT

1.	Shri Devender Singh	-	Joint Secretary
2.	Shri R.K. Bajaj	-	Director
3.	Shri Ashok Sajwan	-	Additional Director
4.	Smt. Bharti S. Tuteja	-	Under Secretary

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The Committee met again in the afternoon at 1430 hrs. to 1715 hrs. to take oral evidence of the representatives of the Ministry of Textiles.

Witnesses

1. Smt. Rita Menon, Secretary
2. Dr. Sutanu Behuria, AS&FA
3. Shri B. K. Sinha, DC (Handlooms)
4. Shri S. S. Gupta, Joint Secretary
5. Shri B. Singh, Joint Secretary

6. Dr. J. N. Singh, Joint Secretary
7. Smt. Monica Garg, Joint Secretary
8. Shri N. D. George, Economic Advisor
9. Shri Sanjay Agarwal, DC(Handicrafts)
10. Shri K. R. Pillai, CMD(NTC)
11. Shri Rajiv Takru, DG (NIFT)
12. Shri Anjani Nandan Sharan, Director
13. Smt. Madhavi Dass, Director
14. Shri Aditya Kumar, Director
15. Shri S. C. Grover, CMD (CCI)
16. Shri Manish Gupta, Director

8. At the outset, the Chairman welcomed Smt. Rita Menon, Secretary and other officers of the Ministry of Textiles and invited their attention to the provisions contained in Direction 55 (1) of the Directions by the Speaker and asked them to brief the Committee regarding the Demands for Grants (2009-2010).

9. The Secretary then briefed the Committee about the performance of the Ministry detailing the budgetary allocations, actual expenditure incurred and physical targets achieved under various schemes/programmes undertaken during the year 2008-09 and 2009-2010, so far.

10. Subsequently, the Committee held detailed deliberations with the representatives of the Ministry. The topics discussed in the meeting *inter-alia* included:

(a) General Performance of the Ministry regarding Plan and Non-Plan allocations of the current year and actual utilization of budget allocated during the previous year.

(b) Steps taken by the Ministry to support textile exports which are currently not doing well due to global economic slow down.

(c) Further enhancement of budgetary allocation under Technology Upgradation Fund Scheme (TUFS) in order to support the Textile Industry.

(d) Need to provide intended benefits to all the eligible workers under Textile Workers Rehabilitation Fund Scheme and relaxing the existing eligibility criteria.

(e) Need to reconsider the matter of 12 textile mills which have been dropped from the list of modernization despite their being viable.

(f) Need to open more centres of NIFT in the country, particularly in Jammu & Kashmir.

(g) Expediting the work of modernizing the BIC mills and making them re-functional at the earliest.

(h) Need to extend insurance coverage to maximum number of weavers under `Handloom Weavers Comprehensive Welfare Scheme'.

(i) Need to protect the age old handicrafts items which used to be manufactured in various parts of the country but are extinguishing with the introduction of machines/tools.

12. Thereafter, the Chairman and Members raised some points on various issues under examination of the Committee in respect of the Demands for Grants (2009-2010).

13. The Secretary and other officials of the Ministry replied to some of the queries raised by the Chairman and Members. The Chairman directed the Secretary to send written replies to the Supplementary List of Points (a copy of which was given to her) and also to the queries raised by the Members, to the Secretariat within a week.

14. The Chairman then thanked the Secretary and other officials for giving valuable information to the Committee on the subjects.

A verbatim record of the evidence was kept.

{The witnesses then withdrew}

The Committee then adjourned.

XX Do not pertain to this Report.

MINUTES OF THE SITTING OF STANDING COMMITTEE ON LABOUR HELD ON 15TH DECEMBER, 2009.

The Committee met from 1530 hrs. to 1600 hrs in Committee Room `C', Parliament House Annexe, New Delhi to consider and adopt the draft Reports on Demands for Grants for the year 2009-10 of the Ministry of Labour and Employment and the Ministry of Textiles.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS
LOK SABHA

2. Shri P. Balram
3. Shri Hassan Khan
4. Shri Kaushalendra Kumar
5. Shri P.Lingam
6. Shri Hari Manjhi
7. Shri P.R. Natarajan
8. Shri Mahendra Kumar Roy
9. Shri Chandu Lal Sahu
10. Shri Murari Lal Singh

RAJYA SABHA

11. Shri G.N. Ratanpuri

SECRETARIAT

1. Shri Devender Singh - Joint Secretary
2. Shri Ashok Sajwan - Additional Director

2. At the outset, the Chairman welcomed the Members and apprised them about the draft Reports on Demands for Grants for the year 2009-10 of the Ministry of Labour and Employment and the Ministry of Textiles.

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4. The Committee, then, took up the draft Report on Demands for Grants of the Ministry of Textiles for consideration. The Committee adopted the draft Report without any modification.

5. The Committee then authorized the Chairman to present the same to both the Houses of Parliament.

The Committee then adjourned.

XX Do not pertain to this Report.

APPENDIX

STATEMENT OF RECOMMENDATION/OBSERVATIONS

Sl. No.	Para No.	Recommendations/Observations
1.	3.24	The Committee note that the Budget Estimate of Rs.2500 for the year 2008-09 was revised to Rs.4092.32 crore at Revised Estimate stage. However, the Ministry had to surrender Rs.267.65 crore as unspent provisions. Asked to furnish the reasons for surrender of funds, the Ministry replied that a major portion of these unutilized funds was on account of the 10 percent mandatory allocation for the North Eastern Region. The Ministry stated that the funds could not be utilized as there was no demand for the schemes like TUFS, SITP, and TMC from the North Eastern Region mainly due to non feasibility, risk factor or law and order problems etc. with the result no expenditure could be incurred under these Schemes in North Eastern Region despite the best efforts. The Committee find that only two Seminars in 2006-07, two in 2007-08 and one each in 2008-09 and 2009-10 have been organized by the

		Ministry in North Eastern Region, and the participation of artisans/weavers has been limited to the States of Assam, Manipur, Mizoram, Tripura and Nagaland. Needless to say the number of seminars/workshops were far from adequate for spreading awareness about textile industry/schemes in the North Eastern Region where and for which purpose far greater and concerted efforts are required to be made. The Committee feel that so far the Ministry have not been able to develop proper infrastructure for planned growth of North Eastern Region as there is only one regional office of Textile Commissioner for implementing/monitoring the central schemes in the entire region. All these facts themselves speak volumes about the seriousness and the ability of the Ministry to promote textile growth in North Eastern Region. Taking cognizance of the large availability of raw material for textile related activities and various kinds of crafts being manufactured in North Eastern Region since long, the Committee strongly recommend that the Ministry should, thoroughly re-examine the scope of textile growth in that part of the country keeping in view the national perspective of integrated and harmonious

		national development. Apparently, setting up of required number of regional offices of Textile Commissioner, DCs for Handlooms and Handicrafts, adequate number of raw material depots, training centres and conducting of adequate and periodic workshops/seminars/exposure events in North Eastern Region is overwhelming need of the hour. The Committee are quite optimistic that sustainable and inclusive growth will automatically bring peace and help maintaining social, economic and political harmony. The Committee also desire that model Integrated textile parks be set up in North Eastern Region involving 100 percent funding by the Union Government. Participation of people in such parks should be kept open at later stages without fixing any minimum financial cap, so that even the artisans/weavers/textile workers who are working in very small capacity could come forward. Further, such initiation would lead to formation of entrepreneur groups who would be able to take over the textile parks from the Government in due course.

2.	**3.25**	**The Committee note that during 2008-09 there was uneven expenditure during the four quarters of the year. The financial rules of the Government clearly stipulate the spreading of expenditure evenly over the four quarters and bar the undue utilization of funds in the last quarter of the year. The Committee are least convinced with the reply of the Ministry that the release of funds in large tranches under TUFS at certain points of time, as and when bank furnish the bills, is the main reason for increased total expenditure in the first and fourth quarter. The Committee are seriously concerned since the uneven pace of expenditure, particularly rush of expenditure towards the last financial quarter, directly affects the proper and effective implementation of developmental and welfare schemes and consequently the growth of the entire sector is hampered. The Committee, therefore, recommend that all the Banks/lending agencies should be advised to forward the bills on quarterly basis. The Committee further desire that in order to ensure proper distribution and utilization of the allocated funds, there should be a monitoring Committee headed by the Secretary of the Ministry and which should meet at least once in a month to ensure strict**

		compliance of the laid down norms/guidelines in this regard.
3.	**3.26**	**The Committee find that there is a huge variation in Budget Estimate and the actual expenditure during each of the first two years of XIth plan period. The reasons for huge variation in BE and actual expenditure during 2008-09 were attributed to non-payment towards voluntary retirement scheme of NJMC. The Committee feel that it is more due to poor planning and short-sightedness on the part of the Government. The Committee, therefore, desire the Government to adopt a more coherent and rational approach of forecasting the Budget Estimate for non-plan expenditure so as to avoid locking of precious financial resources and surrender of huge unutilized amounts at the end of the financial year.**
4.	**3.27**	**The Committee observe that India's total export growth of textiles and clothing during 2005, 2006, 2007 was 23.74 %, 8.42% and 4.37% respectively, whereas the share of China stood at 20.92%, 25.05% and 18.83% during the years 2005, 2006 and 2007. The Committee are of the view that apart from the**

		steps already taken by the Government so far, issues like revision of duty draw back rates, upgradation of technology, proper exposure and study of domestic market and finding out new markets worldwide for accelerating the textile exports should also be addressed to improve the economic health of the textile Industry. The Committee, therefore, strongly recommend that the components of Duty Draw Back Scheme should be reviewed with immediate effect and the rates as suggested by the representatives of the Industry should be considered and implemented without any further delay. Besides, there is urgent need for launching special drives to exploit untouched markets of EU and other textile demanding countries. The Committee also recommend that a separate study should be conducted to explore new potential in the domestic market. Further, efforts need be made to improve and upgrade the infrastructure base in areas of technology, design and training so that Indian Industry could stand up to global competitiveness.

5.	**3.28**	**The Committee find that as many as 1969 utilisation certificates are outstanding as on 31st March, 2009 involving an amount of Rs. 16,259.85 lakhs. When enquired about the concrete action taken in the matter, the Ministry replied that the concerned organizations/agencies were not responding to the communications sent to their addresses. The Committee deplore such an approach of helplessness and therefore, recommend that the guidelines for disbursement of funds to NGOs and other private organizations should be reviewed afresh and strict norms should be followed for selecting such agencies after due verification. The factors like the infrastructural base, financial position, past performance, availability of manpower etc. with the organization should be taken into consideration before their selection. The Committee also desire that efforts should be made to get the outstanding Utilization Certificates liquidated urgently and strenuous actions should be taken against the defaulting agencies/organizations including black-listing them.**

6.	**3.37**	**The Committee observe that the rigid and impractical eligibility criteria laid down under TWRFS have deprived maximum number of workers of the much needed benefits of the Scheme. The Committee are at loss to understand the very purpose of implementing this Scheme with such a low wage ceiling of Rs.2500 per month or less for the mills closed between 6 June, 1985 and 1 April 1993 and Rs. 3500 or less for those closed thereafter. The Committee are of the opinion that the welfare scheme should have been so designed to cover all jobless workers irrespective of their past wage/salary or any such factor relating to their previous job. The Committee, while considering the matter to be of paramount importance, strongly recommend that the aforesaid wage ceilings should be waived off and all the workers of the closed mills should be covered under the Scheme.**
7.	**3.38**	**The Committee are deeply concerned to note that 2610 workers of 59 Mills, which were closed during the last 3 years, have not received any relief under Textile Workers Relief Fund Scheme. The Committee take a serious view of such a sorry state of affairs as the very**

		purpose of the TWRFS is defeated due to such inordinate delay in providing relief to the workers. The Committee strongly feel that relief to workers should be provided immediately after the closure of the Mills to enable them to run their families without difficulty while switching over to a new job or for making alternate arrangement for livelihood. The Committee, therefore, recommend that guidelines of the TWRFS should be modified.
8.	**3.46**	**The Committee find that still there is a requirement of Rs. 1884 crore for settlement of claims during the current financial year under the Scheme and the budgetary allocation of Rs. 2890 crore appears to be inadequate to clear the dues. The Committee, while taking cognizance of the fact that results of the Scheme are encouraging, recommend that the matter should be taken up with the Ministry of Finance to allocate estimated funds required under the Scheme to clear the backlog and ensure its smooth functioning.**

9.	**3.47**	**The Committee observe that the TUFS is virtually a non-starter in the North Eastern States. Since the year 2005-06, not even a single paisa has been spent under the Scheme in North-Eastern States of the country. Such a lopsided approach constitutes a sad reflection on the planning of the Government, to say the least. Surprisingly, the Government propose to get exemption from the compulsory allocation of 10% funds of the total B.E. to NER under the Scheme stating that there is no demand from that region. The Committee outright reject such an approach as this will only discourage the artisans/weavers working there. The Committee, therefore, recommend that imaginative and concrete steps should be taken to popularize the Scheme in that region.**
10.	**3.54**	**The Committee express their concern over the slow progress of setting up of a Fashion hub in Delhi as the identified land is yet to be allotted and the amount of Rs. 1 crore allocated under the said scheme during each of the last three years has remained un-utilized. The Committee, therefore, strongly recommend that the whole process needs to be reviewed on an urgent basis and the departments/agencies**

		involved, should be asked to expedite the completion of all procedural formalities and provide necessary approval without any further delay. The Committee further recommend that land for setting up of Fashion hubs in other States also should be identified so that local artisans, weavers and crafts persons and other skilled textile workers are able to showcase and market their products locally as also all over the country.
11.	**3.55**	**The Committee also urge upon the Government to set up NIFT centres throughout the country, particularly in the NER, J&K, Himachal and Uttrakhand so that apart from providing infrastructural base and promoting textile industry there, the interested students are able to study within their vicinity. The Committee desire that urgent steps should be taken to move the proposal in this regard and the whole exercise should be completed expeditiously but positively within the ensuing financial year.**
12.	**3.64**	**The Committee note that 12 viable mills which were earlier due for modernization have been dropped since most of the employees of these mills opted for Voluntary Retirement Scheme and also due to paucity of funds. The**

		Committee are distressed to note that these mills have been left out of the modernization process despite the fact that these were viable units and there was scope of modernizing them. The Committee strongly recommend the Government to review its decision and take steps to revive these 12 mills.
13.	**3.69**	**The Committee note that a techno-economic viability study of BIC is being done through the Wool Research Association. After receipt of the study Report, a proposal will be submitted for consideration of the Board for Reconstruction of Public Sector Enterprises (BRPSE) and, thereafter, approval of the Cabinet will be required. The Committee find that the long pending issue of conversion of land by State Government of Uttar Pradesh has not made any visible headway till date and, without which the whole exercise, which is being carried out, would prove futile. The Committee, therefore, strongly recommend that the matter should be taken up with the State Government at highest level and be vigorously pursued further till it fructifies. They further desire that the aforesaid ongoing study needs to be completed within the current financial year. The progress made in this regard should be intimated to the**

		Committee within three months.